

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 \_\_\_\_\_ \*\*
- 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: \_\_\_\_\_

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

Effective Date of Transfer: \_\_\_\_\_

KS Dept of Revenue Lease No.: \_\_\_\_\_

Lease Name: \_\_\_\_\_

\_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ R.  E  W

Legal Description of Lease: \_\_\_\_\_

County: \_\_\_\_\_

Production Zone(s): \_\_\_\_\_

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 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: \_\_\_\_\_

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

New Operator's License No. \_\_\_\_\_

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

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

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

Title: \_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

**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 \_\_\_\_\_ PRODUCTION \_\_\_\_\_ UIC \_\_\_\_\_

*Side Two*

**Must Be Filed For All Wells**

KDOR Lease No.: \_\_\_\_\_

\* Lease Name: \_\_\_\_\_ \* Location: \_\_\_\_\_

Well No.	API No. (YR DRLD/PRE '67)	Footage from Section Line (i.e. FSL = Feet from South Line)		Type of Well (Oil/Gas/INJ/WSW)	Well Status (PROD/TA'D/Abandoned)
		<i>Circle</i> FSL/FNL	<i>Circle</i> FEL/FWL		
_____	_____	_____	_____	_____	_____
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_____	_____	_____	_____	_____	_____

*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.

KANSAS CORPORATION COMMISSION  
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Form KSONA-1

July 2014

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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 # \_\_\_\_\_

Name: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

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

Phone: ( \_\_\_\_\_ ) \_\_\_\_\_ Fax: ( \_\_\_\_\_ ) \_\_\_\_\_

Email Address: \_\_\_\_\_

Well Location:

\_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Sec. \_\_\_\_ Twp. \_\_\_\_ S. R. \_\_\_\_  East  West

County: \_\_\_\_\_

Lease Name: \_\_\_\_\_ 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: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

*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: \_\_\_\_\_ Signature of Operator or Agent: \_\_\_\_\_ Title: \_\_\_\_\_



## OIL & GAS LEASE

Oil & Gas Lease, dated September 28, 2017, between

Dennis E. Crotts and Gayla A. Crotts, husband and wife, (the "Lessor" (whether one or more))

and

RJ Energy, LLC, a Kansas limited liability company (the "Lessee") (collectively the "Parties").

The Parties agree to the following:

### The Grant

For valuable consideration, receipt of which is acknowledged, Lessor grants the Lessee this Lease for the purpose of investigating, exploring, conducting seismic operations, drilling, mining, and operating for and producing oil, all gases, including casinghead gas and coal bed methane, and other liquid hydrocarbons and all associated and accompanying products (the "Leased Substances").

This Lease grants the Lessee the right to construct facilities and operate the lease in the manner it deems prudent for the exploration and production of the Leased Substances. This includes, but is not limited to, the full right of ingress and egress, laying pipelines, constructing power service, constructing roads and gates, setting tanks and other storage facilities, constructing injection and disposal facilities, and the injection or disposal of any gases or fluids into the subsurface strata.

This Lease covers the Lessor's tract(s) of land in Coffey County, Kansas described as:

Southwest ¼ less East 555' of North 398.7';

North ½ of Southeast ¼;

Southeast ¼ of Southeast ¼ less East 489' of North 445' and less East 567' of South 384';

All in Section 28, Township 22S, Range 16E of the 6<sup>th</sup> P.M.

containing 265 acres, more or less (the "Leased Land").

### Term

This Lease will remain in full force for a term of one year(s) (inclusive of the anniversary date of this Lease) (the "Primary Term"), and then so long as any Leased Substance is produced from the Leased Land or this Lease is perpetuated by any other clause of this Lease ("Secondary Term"). Lessee has no implicit or explicit obligation to drill an exploratory well.

### Royalty

The Lessee shall pay royalties on production of the Leased Substances as follows:

#### 1. Oil

Lessor shall receive a monetary royalty equal to 15% of all oil produced, saved, and sold from the Leased Land. The royalty shall be paid each time oil is sold from the Leased Land.

#### 2. Gas

Lessor shall receive a monetary royalty equal to 15% of the gas sold. The royalty shall be determined by the proceeds realized from the sale of the gas if the gas is sold at the wellhead or on the Leased Land and requires no additional processing or treatment. If gas is sold off the Leased Premises or

requires additional processing or treatment before it can be sold, the Lessee may deduct the royalty's proportionate share of its incurred expenses in marketing the gas to calculate the Lessor's royalty.

Deductible expenses include, but are not limited to, compression, amine treatment, pipeline tariffs, dehydration, and 3rd party gathering fees. Expenses which are not deductible include expenses related to producing and pumping the wells, Lessee's gathering expenses, water disposal, and pipeline and gathering system recoupment, depreciation, and return on investment.

Lessee may use produced gas for other operations on or off the Leased Land. If gas is used off the Leased Land, the Lessee shall pay the Lessor a royalty equal to 1/8th of the value of gas used. The value of the gas shall be calculated at the Lessee's prevailing rate realized, less allowable deductions, on other gas sold during the same time period. Lessee may use gas on the Leased Land free of charge or royalty. All gas royalty payments shall be made monthly.

### *3. Other Leased Substances*

Lessor shall receive a monetary royalty equal to 15% of the market value of all other Leased Substances, produced, saved, and sold. Market value to be determined by the raw state of the substance at the time of production; Lessee may deduct all post production costs attributable to marketing any other produced substance besides oil and gas.

### **Operations at the End of the Primary Term.**

If there is no production at the expiration of Primary Term, this Lease shall not terminate if the Lessee has begun drilling, completion, production, or reworking operations (collectively "Operations") before the expiration of the Primary Term. Lessee has the right to finish any Operations begun within the Primary Term, and continue subsequent Operations, with reasonable diligence. Operations shall be broadly construed to include any activities on the Leased Land intended to secure production of a Leased Substance.

If a well being drilled at the end of the Primary Term is not capable of production to maintain this Lease, this Lease shall not terminate if the Lessee begins drilling a new well within 90 days of the previous well reaching its total depth. The Lessee may perpetuate the Lease in this manner as long as it chooses.

If any Operations under this section results in production of a Leased Substance, this Lease will continue in full force.

### **Lesser Interests & Omitted Parcels**

If the Lessor owns a lesser interest in the Leased Land than the entire and undivided fee simple estate, then all payments under this Lease, including royalties, will be paid to the Lessor in the proportion that the Lessor's interest bears to the whole, undivided fee.

If the Parties have omitted a parcel of the Lessor's land that was intended to be included in this Lease, the Parties agree it is to be included and Lessor agrees to execute any correction of this Lease necessary to secure Lessee's rights in the omitted parcel.

### **Miscellaneous Provisions**

Lessee may use, free of cost, gas, oil, and water produced on the Leased Land for its operations. Lessee shall bury its pipelines below plow depth, if requested by Lessor. Lessee may not drill a well within 150 feet of Lessor's residential house on the Leased Land at the execution of this Lease, without the written consent of the Lessor. Lessor, however, may not unreasonably withhold consent.

Lessee shall pay for damages to growing row crops on the Leased Land caused by its operations. Lessee shall not commence any new well drilling operations while row crops are growing without the consent of the Lessor.



Lessee has the right to remove all machinery and fixtures placed on the Leased Land, including the right to remove casing and plug wells. Upon termination of the Lease, Lessee shall remove all surface equipment and plug existing wells.

Lessee has the right to release this Lease, or any portion of it, at any time.

**Assignment**

The Parties may freely assign any interest or estate, in whole or in part, covered by this Lease. The terms of this Lease are binding on, and extend to, all heirs, executors, administrators, successors, and assignees.

No change in the ownership of the Leased Land, or an assignment of payments under this Lease, is binding on the Lessee until the Lessee receives a copy of the transfer.

The Parties further agree that if a portion of the Leased Land is assigned and the assignee(s) fails to comply with a covenant or condition, of this Lease, the default will only affect the portions of the Leased Land attributable to the defaulting assignee and the remaining portions will remain in full force.

**Entireties Clause**

If the Leased Land is ever divided or owned in severalty or in separate tracts for any reason (collectively "divided"), the Leased Land may nevertheless be developed and operated as one tract without regard to divisions and the new property lines. Lessee has no obligation to offset wells, or to furnish separate measuring equipment or storage tanks for the production of Leased Substances from the divided tracts.

If the Leased Land is divided, the payments under this Lease will be paid to each separate owner in the proportion that the acreage owned by him / her bears to the entire Leased Land acreage.

**Warranty**

Lessor warrants and agrees to defend the title to the Leased Land. Lessee has the right to redeem and pay for the Lessor, any mortgages, taxes or other liens on the Leased Land and Lessee 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.

**Signed:**

*Dennis E. Crofts*  
Dennis E. Crofts

*Gayla A. Crofts*  
Gayla A. Crofts

**ACKNOWLEDGMENT**

Coffey County, Kansas

This lease was acknowledged before me on Sept 30, 2017, by Dennis E. Crofts and Gayla A. Crofts, husband and wife.

*Sheila Gilbert*  
Notary Public

My Commission Expires: 8-17-18



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