

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: _____

Date: _____

Signature: _____

New Operator's License No. _____

Contact Person: _____

New Operator's Name & Address: _____

Phone: _____

Title: _____

Oil / Gas Purchaser: _____

Date: _____

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.

_____ 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 _____

KDOR Lease No.: _____

[illegible]

* 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.

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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: _____

OPERATING AGREEMENT

THE AGREEMENT entered into effective this 1st day of **January, 2019**, by and between C & K Operating LLC, Pratt County, Kansas, as party of the first part, hereinafter referred to as "Operator," and the undersigned, either individually or collectively hereinafter referred to as "Non-operator."

WITNESSETH:

WHEREAS, the Non-operator owns a working interest in and to the oil & gas lease(s) set forth in the attached Exhibit A, hereinafter referred to as the "Lease," which is commonly referred to as the "Rice #1, Ponce 2 & 3, Arbuckle 1 & Short 1-28" in Rice County, Kansas.

WHEREAS, THE PARTIES TO THIS Agreement contemplate the operation of said lease by operator subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual promises and obligations of the parties hereto, it is agreed as follows:

1. That Operator shall superintend and manage the leasehold estate for Non-operator, subject to the following terms and conditions:
 - a. Operator shall have the right to contract for necessary materials, supplies, equipment, labor and services reasonably necessary to operate and maintain the leasehold and to supervise the operation of said leasehold estate.
 - b. Operator shall have the right to charge for supervision and accounting on said leases such sums as are reasonable and prudent and within the range of charges generally acceptable in the South Central Kansas area. The Operator shall have the right to adjust the aforementioned charges annually.
2. Non-operator agrees to pay the costs and expenses incurred in the operation of said lease in proportion to its working interest in said lease.
3. Operator agrees to keep accurate books of account, inventory all property on the leasehold, show all itemization of expenses and charges, materials paid for, labor, and other costs incurred either directly or indirectly, and to render each month a statement to Non-operator for all such expenses and charges so incurred.

4. Non-operator agrees to pay its proportionate share of all charges within 20 days after the receipt of such statement and should Non-operator fail, neglect, or refuse to pay its proportionate share of such expenses and charges when due, then its unpaid bill or portion thereof shall draw interest at the rate of 18 percent per annum until paid.
5. Upon notification in writing by the Operator to any purchaser of production that Non-operator is delinquent in payment of any portion of their part of the operating expenses, said purchaser is hereby authorized to make payment to Operator for all proceeds due said Non-operator until such time as the purchaser has been advised in writing by the Operator that the account of Non-operator is paid in full and the purchaser of production is hereby held harmless as to all payments made to the Operator prior to receipt of such notice. Nothing contained herein shall preclude Operator from filing a lien upon Non-operator's interest in addition to suspension of payment and/or directing runs to be paid to Operator from the crude purchaser for the unpaid amounts due Operator.
6. Non-operator shall have the right to confer with Operator at any reasonable time in Operator's office to discuss operations of said lease. Further, Non-operator acknowledges that Operator has a duty to develop the leased unit and agrees to pay its proportionate share of drilling and developmental expenses. Since this is a unitized unit, all Non-operators shall participate.
7. It is further agreed that the Operator shall have the right to terminate this contract by giving notice to the Non-operator and shall, in said notice of termination, set forth the amount owing to Operator, and it shall be reimbursed forthwith by Non-operator, and if not reimbursed, the provisions of Paragraph 5 may be instituted. In the event of bankruptcy by Operator, a majority in interest of Non-Operator shall have the right to select a successor Operator.
8. Non-operator waives any and all right, statutory or otherwise, to partition its interest in the lease. This Agreement, unless otherwise terminated as set forth herein, shall remain in full force and effect so long as Operator is conducting itself as a reasonable and prudent operator. In the event Non-operator wishes to sell its interest in the lease(s), Operator shall have a preferential right to purchase the interest of Non-operator upon the same terms and conditions as set forth in a written offer to purchase to be submitted

by the Non-operator. Operator shall have 15 days after receipt of the written offer to purchase the interest of Non-operator.

9. While each party hereto recognizes that its rights and liabilities hereunder are individual, if solely for federal income tax purposes and for no other reasons, the parties should be regarded as partners or joint ventures and the operations carried on under this Agreement be required to be treated as a partnership or a joint venture as defined in Section 761 of the Internal Revenue Code of 1954 for federal income tax purposes, all of the parties hereto do elect to exclude such operations from the application of all Subchapter K of the Internal Revenue Code of 1954, as provided in Section 761 (a) as said sub-chapter exists.
10. The parties hereto specifically agree that nothing contained herein shall be interpreted to create a fiduciary relationship between the parties. Operator shall conduct operations as a reasonable prudent operator.
11. The terms and provisions of this Agreement shall be considered and construed as covenants running with the leasehold estate herein referred to. The provisions shall extend to and be binding upon the respective heirs, administrators, executors, successors, trustees and assigns of the parties hereto. This Agreement is not contingent upon all Non-operator's execution thereof but shall be binding upon all such operators who execute the same.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective the 14 day of January, 2019.

"OPERATOR"

C&K OPERATING, LLC
By Mark Keenan
Mark Keenan, Managing Member

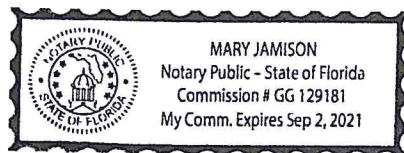
"NON-OPERATOR"

Jim Kraft
By Jim Kraft
Jim Kraft

STATE OF KANSAS, COUNTY OF Seminole, ss:

BE IT REMEMBERED, that on this 14th day of January, 2019, before me, the undersigned, a Notary Public, duly commissioned in and for the County and State aforesaid, came Mark Kerman, an officer of C8K Operating LLC, a corporation of the State of Kansas, personally known to me to be such officer, and to be the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly acknowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth.

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



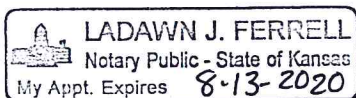
[Signature]
Notary Public

My Commission Expires:

STATE OF KANSAS, COUNTY OF Pratt, ss:

BEFORE ME, the undersigned, a Notary Public, within and for said County and State, on this 21 day of January, 2019, personally appeared Jim Kraft, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he/she executed the same as his/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 on the day and year last above written.



[Signature]
Notary Public

My Commission Expires:

EXHIBIT A

PONCE LEASE

Oil and gas lease dated October 11, 1929, from Alicia T. Mason-Ponce and Edward J. Ponce, wife and husband, as Lessors, to Continental Oil Company, as Lessee, recorded in book 25 at page 388 of the Register of Deeds Office, Rice County, Kansas, covering the following described real property, to-wit:

North Half (N/2) of Section 28, Township 21 South, Range 7 West, Rice County, Kansas

SHORT LEASE

Oil and gas lease dated November 1, 1985, from Howard Short aka Clarice H. Short and Billie Short, his wife, as Lessors, to Allan Drilling Company, as Lessee, recorded in book 108 at page 604 of the Register of Deeds Office, Rice County, Kansas, covering the following described real property, to-wit:

South Half of the Northwest Quarter (S/2 NW/4) of Section 28, Township 21 South, Range 7 West, Rice County, Kansas

ARBUCKLE LEASE

Oil and gas lease dated January 25, 1972, from Edward J. Arbuckle, a single man, as Lessor, to Sterling Drilling Company, as Lessee, recorded in book 77 at page 274 of the Register of Deeds Office, Rice County, Kansas, covering the following described real property, to-wit:

Southwest Quarter (SW/4) of Section 28, Township 21 South, Range 7 West, Rice County, Kansas.

RICE LEASE

Oil and gas lease dated July 30, 1971, from Robert Dean Rice and Grace A. Rice, his wife, as Lessors, to Sterling Drilling Company, as Lessee, recorded in book 66 at page 547 of the Register of Deeds Office, Rice County, Kansas, covering the following described real property, to-wit:

Southwest Quarter (SW/4) of Section 21, Township 21 South, Range 7 West, Rice County, Kansas.