

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: _____

Oil / Gas Purchaser: _____

Date: _____

Title: _____

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 _____

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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: _____

Purchase and Sales Agreement**December 13, 2019**

Mike Kelso Oil & Gas, Inc.
PO Box 467
Chase, KS 67524-0467

Dear Mike:

This letter is to put into writing our agreement whereby **Mike Kelso Oil & Gas, Inc.** ("Purchaser") agrees to purchase from **Daystar Petroleum, Inc.** ("Seller"), the "Sam Ainsworth" & "Peverly" Leases located in Rice County, Kansas, more fully described in Exhibit "A" to this agreement, under the following procedures, terms and conditions:

1. Purchaser agrees to pay Seller Zero Dollars (\$0.00) for 100% of the Working Interest to the abovementioned producing leases (Ainsworth and Peverly) located in Rice County, Kansas. 100% Working Interest in the Ainsworth Lease represents 82.54357% Net Revenue Interest in all oil and gas production from the lease. 100% Working Interest in the Peverly Lease represents 85.0% Net Revenue Interest in all oil and gas production from the lease.
2. The effective date will be January 1, 2020 ("the effective date").
3. All ad valorem property taxes for the 2019 tax year shall be paid by the Seller. All subsequent property taxes shall be paid by the Purchaser pursuant to the Effective Date. PURCHASER AGREES TO PREPARE AND TIMELY FILE THE 2020 PROPERTY TAX RENDITIONS FOR THESE LEASES WITH THE RICE COUNTY APPRAISER'S OFFICE. PURCHASER AGREES TO PREPARE AND TIMELY KCC FORM U3C REPORTING THE VOLUMES OF SALT WATER DISPOSED INTO THE PEVERLY #3 IN CALENDAR YEAR 2019. SELLER WILL PROVIDE PURCHASER WITH THE VOLUMES OF SALT WATER DISPOSED INTO THE PEVERLY #3 FOR CALENDAR YEAR 2019.
4. Purchaser agrees that Seller is going to sell off oil above the load valve on both leases, prior to closing but after the effective date, and said oil shall remain the property of the Seller.
5. Purchaser acknowledges Seller represents various working interests and must obtain their consent to sell as a condition of consummating this transaction.
6. SELLER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION FURNISHED. THE PROPERTY WILL BE SOLD IN ITS CURRENT CONDITION AND THE EQUIPMENT AND MATERIAL WILL BE SOLD ON AN "AS IS" AND "WHERE IS" BASIS AND IS NOT GUARANTEED AS TO QUANTITY, SIZE, WEIGHT OR SERVICEABILITY. EXCEPT THAT SELLER REPRESENTS AND WARRANTS THAT IT IS NOT AWARE OF ANY PENDING OR THREATENED GOVERNMENTAL REGULATORY ACTIONS WITH RESPECT TO THE LEASES.

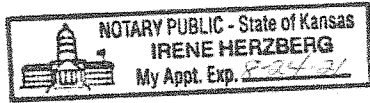
Purchase and Sales Agreement
Mike Kelso Oil & Gas, Inc.
Sam Ainsworth and Peverly Leases
December 13, 2019

7. The Assets to be transferred to Purchaser shall be transferred pursuant to an Assignment and Bill of Sale acceptable to both parties. In addition, Seller will transfer to Purchaser all geological, SPCC, and other regulatory information and permits that it possesses with respect to the Leases. The Leases and the Assets shall be transferred free and clear of all liens and encumbrances.
8. Upon closing, which is intended to be on or before January 15, 2020 (the actual date of closing shall be "the Closing Date"); the Purchaser shall tender the balance of the Purchase Price by cashier's check, wire transfer, or business check.
9. This agreement constitutes the full and final agreement between the parties hereto and supersedes all prior negotiations and agreements, whether written or oral. This agreement may only be amended by a written agreement signed by the parties hereto.
10. As of the Effective Date, Purchaser specifically assumes and shall be responsible for all obligations and liabilities and shall defend, indemnify and hold Seller and its respective officers and employees harmless for liability under any federal, state or local laws, rules, orders and regulations and all damages pertaining to the environmental condition of the Interests applicable to any waste material, produced water, tank bottoms, sludge, or constituents thereof, radioactive materials, or hazardous substances on or included with the Interests or the presence, disposal, release or threatened release of all waste material, produced water, tank bottoms, sludge, or constituents thereof, radioactive materials, or hazardous substances on, included with, or from the Interests into the atmosphere or in or upon land or any water course or body of water, whether above or below the ground.
11. Except as otherwise provided herein, these terms and conditions will be binding on, and inure to the benefit of Purchaser and Seller and their respective heirs, representatives, successors and assigns.
12. This agreement will remain open until December 31, 2019 at 5:00 p.m., CST, at which time it will expire and be void as to those interests that have not executed this agreement prior to that time.

If the above properly states your acceptance and understanding of the agreement between Purchaser and Seller, please so indicate by executing this agreement where provided below and return one original to our office. This agreement may be signed in counterpart and is binding on all who execute it, whether or not they execute this agreement or a copy thereof.

Purchase and Sales Agreement
Mike Kelso Oil & Gas, Inc.
Sam Ainsworth and Peverly Leases
December 13, 2019

ATTEST:





PURCHASER

Agreed and accepted this 26 day of
December, 2019.

By: _____

Mike Kelso, President
Mike Kelso Oil and Gas, Inc.

SELLER

ATTEST:

Agreed and accepted this 27th day of
December, 2019.



By: _____

Matthew S. Osborn, President
Daystar Petroleum, Inc.



Exhibit "A"

To Purchase & Sale Agreement
Between Mike Kelso Oil & Gas Inc. & Daystar Petroleum, Inc.
Dated December 13, 2019 with an
Effective Date of January 1, 2020

Peeverley

LESSOR: Lucille M. Peeverley, a widow

LESSEE: Frank J. Black

DATE: May 01, 1980

RECORDED: Book 86, Page 566

COVERING: Northeast Quarter NE/4 of Section 30, Township 18S,
Range 07W

Sam Ainsworth A

LESSOR: John R. Lansing, a single man

LESSEE: Stanley Wiggins

DATE: May 28, 1929

RECORDED: Book 22, Page 310

COVERING: Northwest Quarter NW/4 of Section 30, Township 18S,
Range 07W