

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		
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____

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: _____

ASSIGNMENT OF OIL AND GAS LEASE
AND BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that KLM Exploration with an address of P.O Box 151 Mclouth, KS 66054, hereinafter called "Assignor," for valuable consideration, the receipt of which is hereby acknowledged, does grant, bargain, sell convey, transfer, assign and deliver unto KLMKH Inc., with an address of 11600 North Community House Road Suite 100 Charlotte NC 28277, hereinafter called "Assignee" (whether one or more), its successors and assigns, all of Assignors right, title and interest in and to the following oil and gas lease and personal property:

(A) Assignor's leasehold interests in oil, gas, and other minerals, including working interests, carried working interests, net profits interests, rights of assignment and reassignment, and all other rights and interests in oil and gas lease described on Exhibit 1 (the "Lease"); and

(B) All overriding royalty interests except those described in Exhibit B to the Purchase and Sale Agreement between KLM Exploration and Buyer and production payments; and

(C) All rights and interests in or derived from unit agreements, orders and decisions of state and federal regulatory authorities establishing units, joint operating agreements, enhanced recovery agreements, waterflood agreements, farmout and farm in agreements, options, drilling agreements, unitization, pooling and communitization agreements, oil and/or gas sales agreements, processing agreements, gas gathering and transmission agreements, gas balancing agreements, salt water disposal and injection agreements, assignments of operating rights, subleases, and any and all other agreements to the extent they pertain to the Lease; and

(D) All rights of way, easements, surface fees, surface leases, servitudes and franchises insofar as they pertain to the Lease; and

(E) All permits and licenses of any nature, owned, held, or operated by Assignor in connection with the Lease; and

(F) All producing, nonproducing, and shut in oil and gas wells, saltwater disposal wells, water wells, injection wells, and all other wells on or attributable to the Lease; and

(G) All pumping units, pumps, casing, rods, tubing, wellhead equipment, separators, heater treaters, tanks, pipelines, compressors, dehydrators, gas processing equipment, gathering lines, flow lines, valves, fittings and all other surface and downhole equipment, fixtures, related inventory, gathering and treating facilities, personal property and equipment used in connection with the Lease, lands or personal property located thereupon and all other interests described above; and

(H) All personal property, to include fixtures and improvements, currently located on the Lease, and used or useable in connection with oil and gas exploration and production

activities, an inventory of which is attached hereto as Exhibit 2 to this Exhibit C.

The Lease and above described interests and property are collectively referred to as the Assigned Property.

ASSIGNMENT TERMS:

1. **GENERAL WARRANTY.** Assignor makes this Assignment with general warranty. Assignee accepts the Assigned Property with general warranty by Assignor that Assignor is the owner of the Assigned Property which consists of not less than 100% of the working interest of each Lease representing not less than the net revenue interest in each Lease set forth in Exhibit 1 together with an undivided 100% interest in all personal property which is part of the Assigned Property; and has good and marketable title thereto free and clear of any encumbrances of any kind. Assignor further represents and warrants that no agreements or other documents have been executed which inhibit Assignor's ability to convey good and marketable title in and to the Assigned Property to Assignee at the time and under the terms described herein. The Lease is a valid and subsisting oil and gas lease based upon the ratification of the lease by the current mineral interest owners and are not subject to any joint operating agreements, development agreements or other contracts which will be binding upon Assignee or might otherwise affect Assignee's ability to develop, operate and produce from said Lease after the effective date of this Assignment, except for those identified in the Purchase and Sale Agreement between Assignor and Assignee.

2. **IN DEMNITY.** Assignor agrees to indemnify Assignee against any liability, claim, demand, damage, or cost arising out of failure, prior to the date of this Assignment, to fulfill the express or implied covenants created by the Lease and for any cause of action, claim, demand or liability which arose prior to the Assignor's execution of this Assignment. Assignee's indemnity rights include reasonable attorney fees and litigation costs necessary to defend any matter covered by Assignor's obligation to indemnify.

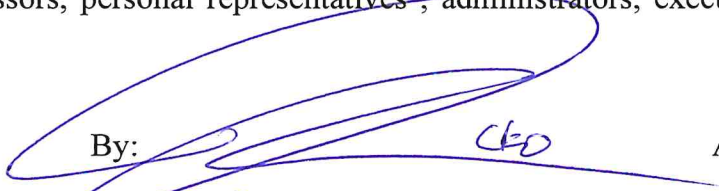
3. **TRANSFER OF RIGHTS.** To the extent transferable, Assignee is hereby granted the right of full substitution and subrogation in and to any and all rights and warranties which Assignor has or may have with respect to the Assigned Property conveyed herein of which Assignor has or may have against any and all preceding owners, vendors or warrantors. The Assigned Property shall include all right, title and interest which Assignor may have in and to the Lease or the real property covered thereby, including but not limited to, lease hold interests, rights of assignment or reassignment, fee interests, royalties or overriding royalties, contractual rights, regulatory authorities and permits or licenses, easements and rights-of-way.

4. **FURTHER ASSURANCES.** The parties agree to execute, acknowledge and deliver such other and further instruments or documents, and to take such other and further actions as may be reasonably necessary to carry out the provisions of this Assignment.

5. **EFFECTIVE DATE.** This Conveyance shall be effective as of May 1, 2020 at 8:00 a.m., central standard time.

No WARRANTIES AS TO PRODUCTION AND RESERVES. Assignor makes no warranties or representations to Assignee as to production and reserves on the Lease being assigned hereunder.

To HAVE AND TO HOLD the above described property and easement with all and singular the rights, privileges, and appurtenances thereunto or in any wise belonging to the said Assignee herein, its successors, personal representatives, ~~administrators~~, executors and assigns forever.

By:  CEO Assignor


By:  Susan H. Burton Assignee
President

EXHIBIT "2".

LEASE	LOCATION	ACRES	WI%	NR1%	WELLS
Bankers Life	SW/4 3-10S-20E	160	100	80.25	18
Blakey	SW/4 NW/4 3-10S-20E	40	100	80.25	3
Bond	SW/4 17- 10S-20E	160	100	80.25	3
Daniels	W/2 SE/4 3-10S -20E	80	100	80.25	6
Daniels	NE/4 SE/4 4-10S-20E	40	100	80.25	4
Dunn	SE /4 33-8S-20E	160	100	80.00	4
Edmonds A	E/2 SW/4 17-9S-20E	80	100	80.25	8
Edmonds B	NE/4 NW/4 20-9S-20E	40	100	80.25	2
Edmonds C	W/2 SE/4 17-9S-20E	80	100	80.25	5
McLeod	SW/4 4-10S-20E	160	100	80.25	3
Mestaugh	W/2 SE/4 18-10S-20E	80	100	86.50	
Noll	W/2 SW/4 3-9S-20E	80	100	80.00	5
Osborn	E/2 SE/4 18- 10S-20 E	80	100	86.50	7
Pennel	W/2 S W/4 2-10S-20E	160	100	80.25	9
	E/2 SE/4 3-10S-20E				
Seaver	SE/4 7-10S-20E	160	100	80.25	9
Sedgwick	SE /4 S E/4 4-10S-20E	40	100	80.25	5
Troupe	W94 acres NE/4 3-10S-20E	94	100	80.25	5
Wagner	NW/4 17- 10 S-20E	240	100	80.25	
	S/2 SW/4 8-10S-20E				

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