

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1
April 2019
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: _____

New Operator's Email: _____

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

_____ is acknowledged as the new operator of the above named lease containing the surface pit

Permit No.: _____. Recommended action: _____

permitted by No.: _____.

Date: _____

Date: _____

Authorized Signature

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
OIL & GAS CONSERVATION DIVISION

Form KSONA-1

July 2014

Form Must Be Typed

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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 SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (“Agreement”) is made and entered into this 31st day of March 2021, by and between: (1) **Patterson Energy, LLC** (“Patterson”); (2) **Black Gold Investments, LLC** (“Black Gold”); collectively the “Sellers”, and **Production Drilling Inc.** (“PDI”), also known as the “Buyer”. Sellers and Buyer are sometimes referred to collectively as the “Parties” and individually as a “Party”.

WHEREAS, Sellers desire to sell to Buyer and Buyer desires to purchase from Sellers, on the terms and subject to the conditions set forth in this Agreement, all of Sellers’ interest in the (1) oil and gas leases located in Rooks Counties, Kansas which are described in Exhibit “A” (“Leases”); (2) saltwater disposal wells located in Rooks Counties, Kansas which are described on Exhibit “B” (“SWDs”);. The interest in the Leases and SWDs shall include all of Sellers’ rights to operate the wells located on the Leases and SWDs and all of Sellers interest in and to equipment and inventory associated with operating said Leases and SWDs which are situated on the land covered by the Leases and SWDs, including but not limited to wellheads, tanks, pumps, compressors, separators, heater treaters, heating elements, valves, fittings, equipment, machinery, fixtures, flowlines, pipelines, platforms, tubular goods, materials and supplies.

NOW, THEREFORE, in consideration of the premises and mutual promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sellers and Buyer agree as follows:

1. **Conveyance of Properties.** Sellers shall convey to Buyer 100% of their interest in and to the Properties.
2. **Purchase Price.** In consideration for sale of the Properties, Buyer shall pay to Sellers Two Hundred Twenty-five Thousand Dollars (\$160,000.00) (“the Purchase Price”) on or before the Closing Date as described below.
3. **Closing.** The closing of the transaction contemplated by this Agreement (“Closing”) shall occur on or before April 1st, 2021 at 12:00 p.m. Central Standard Time (“Closing Date”), at such place as is mutually agreeable to Sellers and Buyer, or such other date, time, and place as Sellers and Buyer may agree in writing. At the Closing, the following shall occur:
 - a. Sellers shall deliver to Buyer Assignments of 100% of Seller’s interest in the Leases and SWDs, along with Bills of Sale and Assignments of Sellers’ interest in the Equipment, all of which Assignments and Bills of Sale shall warrant Sellers’ interests assigned/conveyed to be free and clear of all mortgages, liens and encumbrances of every nature whatsoever arising by, through or under Sellers but not otherwise.
 - b. Sellers shall deliver to Buyer all documents required by the Kansas Corporation Commission necessary to transfer Sellers’ right to operate the Leases and SWDs from Seller to Buyer. Sellers acknowledge that Patterson is currently the operator of record for all wells located on the Leases designated with the Kansas Corporation Commission (“KCC”) and at closing Sellers shall cause Patterson to execute: (1) a Notice of Transfer of Operator Form T-1 to Buyer; and (2) a Mechanic’s Lien Affidavit prepared by Buyer, within 30 days following closing as required by applicable KCC regulations and Buyer shall accept such transfer.

- c. Sellers shall provide documentation to Buyer sufficient to show that the Assignments and Bills of Sale have been executed by individual(s) possessing the necessary authority to execute said instruments.
- d. Buyer shall tender the Purchase Price to Sellers.
- e. Sellers and Buyer shall execute, acknowledge and deliver a duplicate original Closing Statement and/or any such other instruments as are reasonably necessary to effectuate the conveyance of the Properties to Buyer.

4. ***Effective Date of Assignment.*** The Assignments of 100% of Seller's interest in the Leases and SWDs, along with Bills of Sale and Assignments of Sellers' interest in the Equipment shall be made effective as of April 1st, 2021 at 12:01 a.m. ("Effective Date").

5. ***Sellers' Representations and Warranties.*** Sellers represent and warrant to Buyer that, as of Closing, the following statements are accurate:

- a. Sellers' interest in the Leases is free of all defects, liens, and encumbrances arising by, through or under Sellers.
- b. Sellers' interest in the SWDs and Equipment is free of all defects, liens, and encumbrances arising by, through or under Sellers.
- c. Patterson and Black Gold are duly organized and validly existing companies, in good standing, under the laws of Kansas. Furthermore, they are qualified to do business in the State of Kansas and that they have the necessary power and authority to own the Leases and SWDs and to carry on business as now conducted and to enter into and to carry out the terms of this Agreement.
- d. Zach Patterson is President of Patterson Energy, LLC and Black Gold Investments, LLC and is authorized to enter into and execute this Agreement on behalf of said companies.
- e. That all royalties, overriding royalties and other payments applicable to, or associated with, the Leases and SWDs due by Sellers have been properly and timely paid in all material respects to their respective owners during the period of time that Sellers have owned their interest in the Leases and the SWDs and that all conditions necessary to maintain the Leases and SWDs in force and effect have been performed in all material respects during the period of time that Sellers have owned their interest in the Leases and the SWDs.
- f. The Properties will be transferred and assigned to Buyer free and clear of all liens, mortgages, security interests or other such encumbrances arising by, through or under Sellers. The Parties understand that Black Gold currently has a mortgage and security interest with Bank of Hays covering its interest in the Properties and that such mortgage and security interest will be satisfied and released and all security interests will be terminated prior to Closing. Sellers have not granted any other mortgages encumbering the Property except for the above referenced mortgage to Bank of Hays.
- g. To Sellers' actual knowledge, there are no third-party preferential rights or third-party consents pertaining to the assignment or transfer of any of the Properties from Sellers to Buyer.

- h. To Sellers' actual knowledge, there are no environmental hazards caused by the operation of oil and/or gas wells, or any other activities associated with oil and/or gas are currently present on the Properties.
- i. To Sellers' actual knowledge, there are no outstanding bills for labor, services, or materials provided to the Properties, nor are there any liens for labor, services, or materials that have attached to the Properties.
- j. To Sellers' actual knowledge, there are no outstanding liens or warrants on the Properties for unpaid taxes/fees/assessments which have become delinquent to the State of Kansas, the United States of America, or any other governmental agency, subdivision or authority; and that there are no outstanding balances which have become delinquent for said taxes/fees/assessments that have not yet become a lien or warrant on the Properties.
- k. To Sellers' actual knowledge, Sellers are not now, or threatened to be, a party to any lawsuit or action by any governmental agency, subdivision or authority of the State of Kansas or United States of America.

6. ***Buyer's Representations and Warranties.*** Buyer represents and warrants to Sellers that, as of Closing, the following statements are accurate:

- a. Buyer is a Limited Liability Company duly organized and validly existing, in good standing, under the laws of Kansas and is authorized to carry on its business now conducted and enter into and to carry the terms of this Agreement and the transactions contemplated by this Agreement.
- b. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary approval action by or on behalf of Buyer.
- c. Marty Patterson is the President of Production Drilling Inc. and is authorized to enter into and execute this Agreement on behalf of said company.
- d. Buyer has not incurred any liability, contingent or otherwise, for brokers' or finders' fees relating to the transaction contemplated in this agreement for which Sellers shall have any responsibility whatsoever.
- e. Buyer has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Down Payment.
- f. Buyer has conducted its own independent investigation, review and analysis of the Properties, and acknowledges that it has been provided adequate access to the Leases and SWDs, assets, premises, and other documents and data of Sellers for such purpose. Buyer acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer has relied solely upon its own investigation and the express representations and warranties of Sellers set forth in this Agreement; and (b) neither Sellers nor any other person has made any representation or warranty as to Sellers, the Properties or this Agreement, except as expressly set forth in this Agreement.

7. **Title.** Sellers shall provide Buyer will all title opinions in their possession covering the Leases. If desired, Buyer shall be responsible for securing and updating said title at Buyer's sole cost and expense.

8. **Operations.** Sellers agrees that, prior to the Closing Date, they shall conduct only such operations as are necessary to maintain production of oil and/or gas at their current levels and that such operations shall be conducted in a good and workmanlike manner. Sellers agree to execute any documents, and will cooperate with any reasonable requests, necessary to properly transfer Sellers' right to operations to Buyer. Patterson is currently the operator of record for all wells located on the Leases designated with the KCC and at closing Sellers shall cause Patterson to execute a Notice of Transfer of Operator Form T-1 to Buyer within 30 days following closing as required by applicable KCC regulations and Buyer shall accept such transfer. Sellers also agree to notify buyer of all filings or notices related to the Properties which appear on the KCC's KOLAR system which are due or require the attention of buyer within 60 days of Closing.

9. **Revenue and Expenses Associated with Properties.** The Parties agree that revenue and expenses associated with the Properties shall be divided as follows:

- a. Sellers shall be entitled to all revenue generated, and shall be responsible for all expenses incurred, prior to the Effective Date.
- b. Buyer shall be entitled to all revenue generated, and shall be responsible for all expenses incurred, on and after the Effective Date.
- c. Sellers shall cause all oil held in storage to be sold prior to the Effective Date. All oil remaining in storage after said date shall be the property of Buyer.

10. **Taxes.** Sellers and Buyer agree that all Taxes attributable to the Properties shall be paid by Sellers until the Closing Date. Buyer shall pay all taxes attributable to the Properties after such date. For purposes of this Paragraph, 2020 taxes attributable to the Properties shall be apportioned as follows: (1) Seller shall be responsible for 1/4 of all 2021 taxes; and (2) Buyer shall be responsible for 3/4 of all 2021 taxes. Buyer agrees to pay all 2021 taxes and then submit an invoice to Seller for its proportionate share of the taxes. Seller shall then tender payment to Buyer within 30 days of receipt of this invoice for its share of the taxes.

12. **Governing Law.** This Agreement shall be governed and interpreted under the laws of the State of Kansas. The mandatory and exclusive venue for any judicial proceeding permitted in this Agreement is the state courts of competent jurisdiction in Ellis County, Kansas. The Parties consent to the jurisdiction of these courts and waive any defenses they have regarding jurisdiction.

13. **Entire Agreement.** This Agreement constitutes the entire agreement between Buyers and Seller with respect to the transactions contemplated herein and supersedes all prior oral or written agreements.

14. **Survival.** The parties understand and agree that all representations, warranties and indemnifications of the parties contained herein shall survive for a period of twelve (12) months after the Closing Date.

15. **Further Cooperation.** After closing each party shall execute, acknowledge and deliver all documents and take all such acts, which from time to time, may reasonably be requested by the other party in order to carry out the purposes of this Agreement.

16. **Confidentiality.** The existence of this Agreement shall be kept confidential, and neither Buyer nor Seller will make any announcement concerning it without the other party's prior written approval, except as may be required by law.

17. **Counterparts.** This Agreement may be executed in one or more counterparts with the same effect as if all signatures of the parties hereto were on the same document but in such event each counterpart shall constitute an original, and all of such counterparts shall constitute one Agreement.

17. **Binder.** This Agreement shall extend to and be binding upon the successors and assigns of the parties hereto.

The Parties have hereunto caused their authorized representatives to execute this Agreement effective on the day first above written.

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SELLERS:

Patterson Energy, LLC

by:


Zach Patterson, President

Black Gold Investments, LLC


by:


Zach Patterson, President

BUYER:

Production Drilling Inc.

by:


Martin R. Patterson, President

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Exhibit "A" - Leases

Eichman Lease Covering the SE/4 S4-T10S-R19W Rooks County, KS

API: 15-163-24272

API: 15-163-24298

Tomacheck Lease Covering the W/2 S22-T10S-R19W Rooks County, KS

API: 15-163-23338-0001

Collins Lease Covering the NE/4 S9-T10S-R19W Rooks County, KS

API: 15-163-24246

Nutsch Lease Covering the E/2 S15-T10S-R19W Rooks County, KS

API: 15-163-24280

Dick Largent Lease Covering the E/2 S21-T10S-R19W Rooks County, KS

API: 15-163-21193-0001

Shirer Lease Covering the SW/4 S17-T18S-R14W Barton County, KS

API: 15-009-26125

Nordman 1-19 Lease Covering the S19-T19S-R14W Barton County, KS

API: 15-009-26212

Nordman 1 Lease covering the NW/4 S30-T18S-R14W Barton County, KS

API: 15-009-25644

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Exhibit “B” – SWDs

Tomasheck SWD system. W/2 S22-T10S-R19W Rooks County, KS API: 15-163-24258

Fyler SWD system. NE/4 S24-T18S-R15W Barton County, KS API 15-009-25576.

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INSPECTION REPORT

Case# _____

<input type="checkbox"/>	Complaint
<input checked="" type="checkbox"/>	New Situation
<input type="checkbox"/>	Response to request
<input type="checkbox"/>	Follow-up

Date of Inspection: April 9, 2021

Operator: Patterson Energy LLC

License: 34888

Address: PO BOX 400

Location: SW4 17-18-14W

City/St: Hays, KS

Lease: Shirer 1-17

Phone: (785) 259-3717

County: Barton

Reason for investigation: Periodic lease inspection

Problem: NONE

Findings:

- Shirer 1-17 API 15-009-26125-00-00 GPS location Lat. 38.48082 Long. -098.90054
- Spot location NE SW SW. This well is a producer and was running at time of inspection.

Action /recommendations:

- Well site looks good for transfer to new operator.

Bruce Rodie E.C.R.S.
(agent)

Bruce Rodie
(signature)

cc: file