

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: \_\_\_\_\_

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

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

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

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

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

New Operator's Email: \_\_\_\_\_

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 \_\_\_\_\_





KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form KSONA-1

July 2021

Form Must Be Typed

Form must be Signed

All blanks must be Filled

**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 (see Chapter 55 of the Kansas Statutes Annotated), 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 AND GAS LEASE

AGREEMENT, made this the 10<sup>th</sup> day of July, 2021, by

**Patrick A. Kelly**

hereinafter called Lessor, and

**Bauer Oil Investment, LLC**

4370 W 271st St.  
Louisburg, KS 66053

hereinafter called Lessee:



Douglas County Register of Deeds  
BK: 1204 PG: 1430 - 1434 Receipt #:557525  
Rec Fees: \$89.00  
Pages: 5 Record Date: 10/20/2021 10:47 AM  
Cashier Initials : tg  
Authorized By Kent Brown

1. **Grant.** Lessor, in consideration of the payment of \$10.00 and of the covenants herein contained to be performed by Lessee, does hereby grant, lease and let exclusively to Lessee the land described below for the purpose of conducting geological, geophysical and other exploratory work and drilling and operating for, producing, saving and marketing oil and gas, constructing roads, laying pipe lines, building tanks, electric lines and other structures thereon necessary for the economical operation of said land to produce, save and market such substances, said land being situated in Douglas County, Kansas and described as follows:

North Half of the Southeast Quarter (N/2 SE/4) of Section Thirty-one (31), Township Thirteen (13) South, Range Twenty-one (21) East of the 6th P.M., in Douglas County, Kansas  
containing 80 acres, more or less.

2. **Primary Term.** This lease shall remain in force for a Primary Term of one (1) year and as long thereafter as oil or gas is produced in paying quantities. At the end of the Primary Term, if this lease is then in force, this lease shall terminate as to the oil and gas in all zones or formations in and under the leased premises from which Lessee is not then producing oil or gas in paying quantities.

3. **Royalty on Oil.** Lessee shall deliver to Lessor as royalty, free of cost at the wellhead, or to the credit of Lessor into the pipe line to which Lessee may connect its wells, 3/16 (18.750%) of all oil (including but not limited to distillate and condensate) produced from the leased premises, or at Lessee's option may pay to Lessor for such 3/16 (18.750%) royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. **Royalty on Gas and Other Substances.** Lessee shall pay to Lessor as royalty, free of cost at the point of sale to the first purchaser that is not affiliated with or related to Lessee in a bona fide arm's length transaction, 3/16 (18.750%) of the proceeds of the sale of all gas produced and sold from the leased premises. Lessee shall pay Lessor 3/16 (18.750%) of the proceeds received by Lessee from the sale of casinghead gas produced from any oil well and 3/16 (18.750%) of the value, at the mouth of the well, computed at the prevailing market price, of casinghead gas produced from any oil well and used by Lessee off the leased premises for any purpose or used on the leased premises by Lessee for purposes other than the development and operation thereof. Lessee shall pay to Lessor 3/16 (18.750%) of the proceeds from the sale of all other products of oil and gas not otherwise described herein.

5. **Completion.** Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if Lessee shall commence to drill a well or commence reworking operations on an existing well at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are diligently prosecuted and, if production results therefrom, then as long as production continues in paying quantities.

6. **Dry Hole.** If at any time prior to the discovery of oil or gas on the leased premises during the Primary Term of this lease, Lessee shall drill a dry hole thereon, this lease shall not terminate if Lessee commences further drilling operations or commences or resumes the payment of rentals in the manner and in the amount hereinabove provided by the rental paying date, if any, next ensuing following completion of the dry hole or, if there be no such rental date, commences such further drilling operations before the expiration of the Primary Term.

7. **Cessation of Production.** If, during the Primary Term of this lease, production on the leased premises ceases from any cause for a continuous period in excess of one hundred twenty (120) days, this lease shall not terminate if operations to drill a well, or to rework or recomplete an existing well, if any, shall be commenced and thereafter drilled to completion, if such well results in production in paying quantities. If, after the expiration of the Primary Term of this lease, production on the leased premises ceases from any cause for a continuous period in excess of one hundred twenty (120) days, this lease shall not terminate if Lessee commences operations to drill a well, or to rework or recomplete an existing well, if any, within such one hundred twenty (120) days, and this lease shall remain in force during the diligent prosecution of such operations and, if production results therefrom, then as long as production continues in paying quantities.



8. **Free Gas.** Lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations conducted thereon, except that Lessor expressly reserves ownership and use of all fresh water from or on the leased premises, including but not limited to wells, tanks, ponds and irrigation channels on or appurtenant to said premises. Out of any surplus not needed for operations on the leased premises, Lessor may have, free of charge, gas from any gas well on the leased premises for use in any dwelling(s) or farm building(s) on said land by making Lessor's own connections with the well, the use of such gas to be at Lessor's sole risk and expense. The taking and use of such surplus gas shall not be a credit against any royalties otherwise payable to Lessor hereunder.

9. **Operations.** Lessee shall reasonably notify Lessor prior to commencement of drilling operations and shall notify its contractors and employees to consult with Lessor in respect to points of access to the premises. Prior to the construction additional roads and installation of additional pipelines, Lessee shall consult with the surface owner and or tenant as to the location and direction of same so as to have the least affect on farming/ranching operations on said land. Lessor shall have the right to designate the location of new roadways, entrances and gates upon the premises; provided, they shall be sufficient for the necessary operations of Lessee and provide Lessee with suitable ingress and egress to and from well locations, tanks and facilities, and access to adjacent public roadways, if any. Lessee shall bury pipelines and electric power lines to a depth of at least 36 inches below the surface. No well, equipment, structure or roadway shall be located within 300 feet of any house, barn or other building now or hereafter located on the leased premises without written consent of Lessor. No well on the leased premises may be used for disposal of salt water or other substances from wells or sources outside the leased premises without the prior written consent of Lessor and without compensating Lessor for its use. Upon completion or abandonment of a well, Lessee shall reasonably restore the well site area, and fill and grade pits, as nearly as possible to the prior surface condition and contour. Oil, brine, salt water and chemical spills shall be promptly reported to Lessor and to any regulatory agency having jurisdiction over such spills, and Lessee shall clean and remediate the affected soil as nearly as possible to its condition prior to the spill, and as required by the regulatory agency having jurisdiction. If a well is abandoned, it shall be plugged in accordance with applicable law and the regulations. Before abandoning a gas well, Lessee shall notify Lessor of the intention to abandon it and, if requested by Lessor, provide Lessor with the available logs and well data. Lessor shall then have the right to purchase the well by paying Lessee the fair salvage value of the casing, tubing, pipe and other equipment in and on the well. If Lessor exercises the right to buy the well, Lessee shall then be released from any further liabilities or obligations in respect to such well, including the obligation to plug it at any time, which obligation shall in that event be entirely upon Lessor. The Lessor will obtain any required forms to transfer the well.

10. **Damages.** Lessee shall pay for any damage caused by its operations including, but not limited to, damage to soil, crops, trees, livestock, roads, driveways, buildings and other structures and improvements on the leased premises. Fences damaged as a result of Lessee's operations shall be restored to prior condition at Lessee's expense. Payment for any such damage shall be made to Lessor within thirty (30) days after the occurrence thereof or the Lessor's demand for payment thereof, whichever is sooner. Lessee shall have an affirmative duty to promptly notify Lessor of any occurrence giving rise to compensable damage.

11. **Removal.** Subject to the lien or other claim of Lessor for amounts owed by Lessee for damages caused by its operations on the leased premises, Lessee shall remove all of Lessee's property, equipment, machinery, fixtures, and other structures placed on said premises within six (6) months after the expiration, termination or cancellation of this lease. Any property of Lessee which is not so removed within shall be deemed abandoned and may be disposed of by Lessor without notice to Lessee and without any obligation or duty of any kind to Lessee for the manner or reasonableness of such disposition, and without obligation or duty to Lessee for any accounting for such disposition or proceeds thereof. Any proceeds from the disposition of such property may be applied by Lessor to any damages or other amounts owed by Lessee to Lessor and the balance, if any, retained by Lessor as rental for such abandoned property.

12. **Lesser Interest.** If Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties provided for herein shall be paid to Lessor in the proportion which Lessor's interest bears to the whole and undivided fee.

13. **Entirety.** If the leased premises are now or hereafter owned in severalty or in separate tracts, the leased premises may nevertheless be developed and operated as one lease, and all royalties shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage or as agreed upon in writing by the separate owners. There shall be no obligation on the part of Lessee to offset wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate receiving or measuring tanks or devices for such separate tracts.

14. **Assignment.** The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, devisees, executors, administrators, successors and assigns; provided, however, that any assignment by Lessee, in whole or in part, shall not operate to release or discharge Lessee from any of the duties, obligations and covenants, expressed or implied, of Lessee herein without the express written consent of Lessor to such assignment and release. No change or division in ownership of the lands or royalties shall enlarge the obligations or diminish the rights of Lessee. No change of ownership in the lands, rentals, royalties or any sum due under this lease shall be binding



on Lessee until it has been furnished with a true copy of the recorded instrument of conveyance or the will of any deceased owner and of the probate thereof, or copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate.

15. **Surrender.** Lessee may at any time surrender or cancel this lease in whole or in part by placing same of record. In case this lease is surrendered and canceled as to only a portion of the acreage covered herein, then all payments and liabilities thereafter accruing under the terms of this lease as to the portion canceled shall cease except for the terms applicable to abandoned wells and removal of equipment, and any obligations accrued but not yet discharged.

16. **Governmental Regulation.** All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules or regulations of all governmental agencies administering the same, and this lease shall not be terminated wholly or partially nor shall Lessee be liable for failure to comply with any of the express or implied covenants hereof if such failure is the result of compliance with any such laws, orders, rules or regulations, except for orders imposed by reason of Lessee's violation of such laws, orders, rules or regulations.

17. **Warranty.** Lessor hereby warrants that Lessor is the lawful owner of and has good title to said land, subject only to liens, mortgages, encumbrances, easements, rights of way, and restrictions of record.

18. **Additional Terms.** Exhibit A attached hereto is incorporated herein and made part of this lease.

IN WITNESS WHEREOF this instrument is executed and made effective the date first shown above.

LESSOR:

Patrick A. Kelly

*Patrick A. Kelly*

Patrick A. Kelly

LESSEE:

Bauer Oil Investment, LLC

by: *[Signature]*

Josh Bauer, Manager

STATE OF Kansas, COUNTY OF Johnson, ss:

This instrument was acknowledged before me on July 12<sup>th</sup> 2021 by Patrick A. Kelly

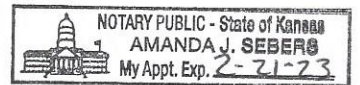


*[Signature]*  
Notary Public  
Appointment Expires: Nov 30, 2024

STATE OF Kansas, COUNTY OF Miami, ss:

This instrument was acknowledged before me on 10-14-2021 by Josh Bauer, Manager of Bauer Oil Investment, LLC, a Kansas limited liability company, on behalf of the company.

*Amanda J. Seber*  
Notary Public  
Appointment Expires:



## EXHIBIT A

Oil & Gas Lease dated July 12<sup>th</sup> 2021 from Patrick A. Kelly, Inc. to Bauer Oil Investments, LLC

1. It is the intention of the parties hereto, their successors or assigns, that lessee's operations shall cause as little interference as possible with farming operations on the leased premises, including but not limited to, pivotal irrigation sprinkler and other irrigation systems, whether the same are now or hereafter installed.
2. There is an existing tank battery on the leased premises. In the event additional tanks are necessary, they shall be located as nearly as possible next to the existing tanks but, in any event, no closer than 1,400 feet from the center of the leased premises, without the express written consent of the surface owner.
3. Upon request by lessor, lessee shall construct and maintain fencing around wells to protect any livestock from injury by equipment or by ingestion of oil, saltwater or other liquids. Upon request by lessor, lessee will keep any gates of any temporary or permanent fencing closed when livestock are on the leased premises. All leasehold equipment located within 500 feet of a residence shall be fenced in such a manner as to not to be readily accessible. All fences shall be maintained in good repair by lessee.
4. If any combustion engines are used on pumping units, they shall be equipped with mufflers to reduce engine noise.
5. If any metal pipelines laid by lessee cease to be used, lessee shall remove same within six months from the date of last use and restore the surface as nearly as possible to its original condition. If any pipeline is abandoned and not removed by lessee, then Lessee shall purge the pipeline of oil, brine and other liquids and render it environmentally safe and fit for abandonment in place.
6. Fresh water from the leased premises shall not be used for any secondary recovery (waterflooding) operations thereon.
7. Prior to drilling a well on the leased premises, Lessee will pay Lessor \$500.00 per well as liquidated damages for the well site. This payment does not discharge or release Lessee from the obligation to pay for damages subsequently caused as a result of drilling, completing and/or operating the well, other than the value of crops that may have otherwise been grown and harvested from the immediate well site area.
8. If this lease is in force at the end of five years after the expiration of the primary term and at that time either oil or gas, but not both, is being produced in paying quantities from the leased premises, then this lease shall terminate with respect to oil if oil is not being produced in paying quantities, or shall terminate with respect to gas if gas is not being produced in paying quantities.
9. If this lease is forfeited, terminated cancelled or expires, Lessee shall within 60 days thereafter execute and record a document releasing the lease of record, at no cost to Lessor. If Lessee fails or refuses to provide such release and an action is brought by Lessor in a court of competent jurisdiction to obtain a judicial decree or judgment of release then, if the Lessor is successful in such action, Lessor shall be entitled to judgment against Lessee for all of Lessor's costs and expenses of the action, including reasonable attorney fees.
10. All pits constructed on the leased premises in connection with drilling operations shall be at least five feet deep. Top soil to a depth of two feet which is removed in digging pits shall be segregated and retained so that in the refilling of the pits such top soil can be restored to the surface.
11. Lessee shall be responsible for protecting subterranean water supplies from pollution from Lessee's operations and lessee shall be liable in damages for any pollution caused by its operations.
12. If the leased premises or part thereof is subject to federal and/or state agricultural assistance programs such as, but not limited to, CRP, CREP, or Clean & Green programs, then Lessee shall reimburse, indemnify and hold Lessor and/or Lessor's tenant harmless from any roll-back real estate taxes, assessments, contract buyout, damages and/or penalties and interest assessed or levied as a result of this Lease and/or Lessee's operations on the leased premises.



13. Lessee shall notify Lessor at lease thirty (30) days in advance of any agreement, contract, assignment(s) or other conveyance(s) that would result in Lessee owning less than 51% of the working interest in this lease or in the change of the licensed operator authorized by the Kansas Corporation Commission to operate the wells on the leased premises or any part thereof. Any assignment, conveyance or transfer of Lessee's interest in the lease or any part thereof shall not operate to release or discharge Lessee from the lessee's duties and obligations under this lease, nor release or discharge Lessee from any liabilities, claims or damages that may accrue by reason of any breach of the terms and covenants, expressed or implied, of this lease, whether arising or accruing before or after such assignment, conveyance or transfer, unless such assignment, conveyance or transfer is approved in writing by Lessor. This provision does not impair Lessee's right or ability to assign its interests, nor to transfer operating rights to another operator; however, Lessee shall nevertheless remain liable to Lessor for the performance of all duties and obligations required of the lessee hereunder, unless and until Lessor consents in writing to such assignment or transfer.

14. All power lines on the lease are to be underground and be buried to a minimum of 36 inches. If any power lines on the leased premises cannot reasonably be placed underground due to a unique condition, then lessee may request lessor's written consent to use an overhead line, which consent will not be unreasonably withheld. In the event the lessor provides written consent to use an overhead power line it must be of sufficient height to not interfere with the movement of farm equipment and vehicles nor block any pathway or entrance to a field.

15. Lessor with the written permission of lessee shall have the right to make a connection to the lessee's power line and to use electricity on the leased premises. Lessee shall have the right to designate the location of such connection. The cost of making such connection, and cost of all electric lines run by lessor from such location, shall be paid entirely by lessor.

16. Lessor expressly reserves ownership and use of all fresh water from or on the leased premises, including but not limited to wells, tanks, ponds and irrigation channels on or appurtenant to the leased premises.

17. Upon receipt of notification by lessor of any alleged breach or violation of the terms of this lease, or of any other matter which lessee is obligated to perform (or obligated to cease, as the case may be) under the terms of this lease, lessee shall promptly undertake such action as necessary to remediate or cure the same, and shall complete such remediation with due diligence and dispatch. If such matter falls under the jurisdiction of any regulatory agency such as the Kansas Corporation Commission (KCC) or Environmental Protection Agency (EPA), then lessee shall comply with any applicable reporting and remediation requirements of such agency. In the event of a spill of oil, saltwater or toxic chemicals, lessee shall immediately report same to lessor and to the regulatory agency having jurisdiction thereof, and thereafter complete the clean up and remediation thereof with due diligence and dispatch.



# OIL AND GAS LEASE

AGREEMENT, made this the 12<sup>th</sup> day of July, 2021, by

**Steven J. Kelly**

hereinafter called Lessor, and

**Bauer Oil Investment, LLC**

4370 W 271st St.

Louisburg, KS 66053

hereinafter called Lessee:



Douglas County Register of Deeds  
BK: 1204 PG: 1435 - 1439 Receipt #:557525  
Rec Fees: \$89.00  
Pages: 5 Record Date: 10/20/2021 10:47 AM  
Cashier Initials : tg  
Authorized By Kent Brown

1. **Grant.** Lessor, in consideration of the payment of \$10.00 and of the covenants herein contained to be performed by Lessee, does hereby grant, lease and let exclusively to Lessee the land described below for the purpose of conducting geological, geophysical and other exploratory work and drilling and operating for, producing, saving and marketing oil and gas, constructing roads, laying pipe lines, building tanks, electric lines and other structures thereon necessary for the economical operation of said land to produce, save and market such substances, said land being situated in Douglas County, Kansas and described as follows:

North Half of the Southwest Quarter (N/2 SW/4) of Section Thirty-one (31), Township Thirteen (13) South, Range Twenty-one (21) East of the 6th P.M., in Douglas County, Kansas containing 80 acres, more or less

2. **Primary Term.** This lease shall remain in force for a Primary Term of one (1) year and as long thereafter as oil or gas is produced in paying quantities. At the end of the Primary Term, if this lease is then in force, this lease shall terminate as to the oil and gas in all zones or formations in and under the leased premises from which Lessee is not then producing oil or gas in paying quantities.

3. **Royalty on Oil.** Lessee shall deliver to Lessor as royalty, free of cost at the wellhead, or to the credit of Lessor into the pipe line to which Lessee may connect its wells, 3/16 (18.750%) of all oil (including but not limited to distillate and condensate) produced from the leased premises, or at Lessee's option may pay to Lessor for such 3/16 (18.750%) royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. **Royalty on Gas and Other Substances.** Lessee shall pay to Lessor as royalty, free of cost at the point of sale to the first purchaser that is not affiliated with or related to Lessee in a bona fide arm's length transaction, 3/16 (18.750%) of the proceeds of the sale of all gas produced and sold from the leased premises. Lessee shall pay Lessor 3/16 (18.750%) of the proceeds received by Lessee from the sale of casinghead gas produced from any oil well and 3/16 (18.750%) of the value, at the mouth of the well, computed at the prevailing market price, of casinghead gas produced from any oil well and used by Lessee off the leased premises for any purpose or used on the leased premises by Lessee for purposes other than the development and operation thereof. Lessee shall pay to Lessor 3/16 (18.750%) of the proceeds from the sale of all other products of oil and gas not otherwise described herein.

5. **Completion.** Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if Lessee shall commence to drill a well or commence reworking operations on an existing well at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are diligently prosecuted and, if production results therefrom, then as long as production continues in paying quantities.

6. **Dry Hole.** If at any time prior to the discovery of oil or gas on the leased premises during the Primary Term of this lease, Lessee shall drill a dry hole thereon, this lease shall not terminate if Lessee commences further drilling operations or commences or resumes the payment of rentals in the manner and in the amount hereinabove provided by the rental paying date, if any, next ensuing following completion of the dry hole or, if there be no such rental date, commences such further drilling operations before the expiration of the Primary Term.

7. **Cessation of Production.** If, during the Primary Term of this lease, production on the leased premises ceases from any cause for a continuous period in excess of one hundred twenty (120) days, this lease shall not terminate if operations to drill a well, or to rework or recomplete an existing well, if any, shall be commenced and thereafter drilled to completion, if such well results in production in paying quantities. If, after the expiration of the Primary Term of this lease, production on the leased premises ceases from any cause for a continuous period in excess of one hundred twenty (120) days, this lease shall not terminate if Lessee commences operations to drill a well, or to rework or recomplete an existing well, if any, within such one hundred twenty (120) days, and this lease shall remain in force during the diligent prosecution of such operations and, if production results therefrom, then as long as production continues in paying quantities.



8. **Free Gas.** Lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations conducted thereon, except that Lessor expressly reserves ownership and use of all fresh water from or on the leased premises, including but not limited to wells, tanks, ponds and irrigation channels on or appurtenant to said premises. Out of any surplus not needed for operations on the leased premises, Lessor may have, free of charge, gas from any gas well on the leased premises for use in any dwelling(s) or farm building(s) on said land by making Lessor's own connections with the well, the use of such gas to be at Lessor's sole risk and expense. The taking and use of such surplus gas shall not be a credit against any royalties otherwise payable to Lessor hereunder.

9. **Operations.** Lessee shall reasonably notify Lessor prior to commencement of drilling operations and shall notify its contractors and employees to consult with Lessor in respect to points of access to the premises. Prior to the construction additional roads and installation of additional pipelines, Lessee shall consult with the surface owner and or tenant as to the location and direction of same so as to have the least affect on farming/ranching operations on said land. Lessor shall have the right to designate the location of new roadways, entrances and gates upon the premises; provided, they shall be sufficient for the necessary operations of Lessee and provide Lessee with suitable ingress and egress to and from well locations, tanks and facilities, and access to adjacent public roadways, if any. Lessee shall bury pipelines and electric power lines to a depth of at least 36 inches below the surface. No well, equipment, structure or roadway shall be located within 300 feet of any house, barn or other building now or hereafter located on the leased premises without written consent of Lessor. No well on the leased premises may be used for disposal of salt water or other substances from wells or sources outside the leased premises without the prior written consent of Lessor and without compensating Lessor for its use. Upon completion or abandonment of a well, Lessee shall reasonably restore the well site area, and fill and grade pits, as nearly as possible to the prior surface condition and contour. Oil, brine, salt water and chemical spills shall be promptly reported to Lessor and to any regulatory agency having jurisdiction over such spills, and Lessee shall clean and remediate the affected soil as nearly as possible to its condition prior to the spill, and as required by the regulatory agency having jurisdiction. If a well is abandoned, it shall be plugged in accordance with applicable law and the regulations. Before abandoning a gas well, Lessee shall notify Lessor of the intention to abandon it and, if requested by Lessor, provide Lessor with the available logs and well data. Lessor shall then have the right to purchase the well by paying Lessee the fair salvage value of the casing, tubing, pipe and other equipment in and on the well. If Lessor exercises the right to buy the well, Lessee shall then be released from any further liabilities or obligations in respect to such well, including the obligation to plug it at any time, which obligation shall in that event be entirely upon Lessor. The Lessor will obtain any required forms to transfer the well.

10. **Damages.** Lessee shall pay for any damage caused by its operations including, but not limited to, damage to soil, crops, trees, livestock, roads, driveways, buildings and other structures and improvements on the leased premises. Fences damaged as a result of Lessee's operations shall be restored to prior condition at Lessee's expense. Payment for any such damage shall be made to Lessor within thirty (30) days after the occurrence thereof or the Lessor's demand for payment thereof, whichever is sooner. Lessee shall have an affirmative duty to promptly notify Lessor of any occurrence giving rise to compensable damage.

11. **Removal.** Subject to the lien or other claim of Lessor for amounts owed by Lessee for damages caused by its operations on the leased premises, Lessee shall remove all of Lessee's property, equipment, machinery, fixtures, and other structures placed on said premises within six (6) months after the expiration, termination or cancellation of this lease. Any property of Lessee which is not so removed within shall be deemed abandoned and may be disposed of by Lessor without notice to Lessee and without any obligation or duty of any kind to Lessee for the manner or reasonableness of such disposition, and without obligation or duty to Lessee for any accounting for such disposition or proceeds thereof. Any proceeds from the disposition of such property may be applied by Lessor to any damages or other amounts owed by Lessee to Lessor and the balance, if any, retained by Lessor as rental for such abandoned property.

12. **Lesser Interest.** If Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties provided for herein shall be paid to Lessor in the proportion which Lessor's interest bears to the whole and undivided fee.

13. **Entirety.** If the leased premises are now or hereafter owned in severalty or in separate tracts, the leased premises may nevertheless be developed and operated as one lease, and all royalties shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage or as agreed upon in writing by the separate owners. There shall be no obligation on the part of Lessee to offset wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate receiving or measuring tanks or devices for such separate tracts.

14. **Assignment.** The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, devisees, executors, administrators, successors and assigns; provided, however, that any assignment by Lessee, in whole or in part, shall not operate to release or discharge Lessee from any of the duties, obligations and covenants, expressed or implied, of Lessee herein without the express written consent of Lessor to such assignment and release. No change or division in ownership of the lands or royalties shall enlarge the obligations or diminish the rights of Lessee. No change of ownership in the lands, rentals, royalties or any sum due under this lease shall be binding



on Lessee until it has been furnished with a true copy of the recorded instrument of conveyance or the will of any deceased owner and of the probate thereof, or copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate.

15. **Surrender.** Lessee may at any time surrender or cancel this lease in whole or in part by placing same of record. In case this lease is surrendered and canceled as to only a portion of the acreage covered herein, then all payments and liabilities thereafter accruing under the terms of this lease as to the portion canceled shall cease except for the terms applicable to abandoned wells and removal of equipment, and any obligations accrued but not yet discharged.

16. **Governmental Regulation.** All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules or regulations of all governmental agencies administering the same, and this lease shall not be terminated wholly or partially nor shall Lessee be liable for failure to comply with any of the express or implied covenants hereof if such failure is the result of compliance with any such laws, orders, rules or regulations, except for orders imposed by reason of Lessee's violation of such laws, orders, rules or regulations.

17. **Warranty.** Lessor hereby warrants that Lessor is the lawful owner of and has good title to said land, subject only to liens, mortgages, encumbrances, easements, rights of way, and restrictions of record.

18. **Additional Terms.** Exhibit A attached hereto is incorporated herein and made part of this lease.

IN WITNESS WHEREOF this instrument is executed and made effective the date first shown above.

**LESSOR:**

Steven J. Kelly

*Steven J. Kelly*

Steven J. Kelly

**LESSEE:**

Bauer Oil Investment, LLC

by: *Josh Bauer*

Josh Bauer, Manager

STATE OF Colorado, COUNTY OF Gunnison, ss:

This instrument was acknowledged before me on July 27<sup>th</sup>, 2021 by **Steven J. Kelly**

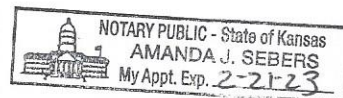


*September Sack*  
Notary Public  
Appointment Expires: 05/20/2024

STATE OF Kansas, COUNTY OF Miami, ss:

This instrument was acknowledged before me on 10-14-2021 by **Josh Bauer**, Manager of Bauer Oil Investment, LLC, a Kansas limited liability company, on behalf of the company.

*Amanda J. Sebers*  
Notary Public  
Appointment Expires:





## EXHIBIT A

**Oil & Gas Lease dated \_\_\_\_\_ from Steven J. Kelly, Inc. to Bauer Oil Investments, LLC**

1. It is the intention of the parties hereto, their successors or assigns, that lessee's operations shall cause as little interference as possible with farming operations on the leased premises, including but not limited to, pivotal irrigation sprinkler and other irrigation systems, whether the same are now or hereafter installed.
2. There is an existing tank battery on the leased premises. In the event additional tanks are necessary, they shall be located as nearly as possible next to the existing tanks but, in any event, no closer than 1,400 feet from the center of the leased premises, without the express written consent of the surface owner.
3. Upon request by lessor, lessee shall construct and maintain fencing around wells to protect any livestock from injury by equipment or by ingestion of oil, saltwater or other liquids. Upon request by lessor, lessee will keep any gates of any temporary or permanent fencing closed when livestock are on the leased premises. All leasehold equipment located within 500 feet of a residence shall be fenced in such a manner as to not to be readily accessible. All fences shall be maintained in good repair by lessee.
4. If any combustion engines are used on pumping units, they shall be equipped with mufflers to reduce engine noise.
5. If any metal pipelines laid by lessee cease to be used, lessee shall remove same within six months from the date of last use and restore the surface as nearly as possible to its original condition. If any pipeline is abandoned and not removed by lessee, then Lessee shall purge the pipeline of oil, brine and other liquids and render it environmentally safe and fit for abandonment in place.
6. Fresh water from the leased premises shall not be used for any secondary recovery (waterflooding) operations thereon.
7. Prior to drilling a well on the leased premises, Lessee will pay Lessor \$500.00 per well as liquidated damages for the well site. This payment does not discharge or release Lessee from the obligation to pay for damages subsequently caused as a result of drilling, completing and/or operating the well, other than the value of crops that may have otherwise been grown and harvested from the immediate well site area.
8. If this lease is in force at the end of five years after the expiration of the primary term and at that time either oil or gas, but not both, is being produced in paying quantities from the leased premises, then this lease shall terminate with respect to oil if oil is not being produced in paying quantities, or shall terminate with respect to gas if gas is not being produced in paying quantities.
9. If this lease is forfeited, terminated cancelled or expires, Lessee shall within 60 days thereafter execute and record a document releasing the lease of record, at no cost to Lessor. If Lessee fails or refuses to provide such release and an action is brought by Lessor in a court of competent jurisdiction to obtain a judicial decree or judgment of release then, if the Lessor is successful in such action, Lessor shall be entitled to judgment against Lessee for all of Lessor's costs and expenses of the action, including reasonable attorney fees.
10. All pits constructed on the leased premises in connection with drilling operations shall be at least five feet deep. Top soil to a depth of two feet which is removed in digging pits shall be segregated and retained so that in the refilling of the pits such top soil can be restored to the surface.
11. Lessee shall be responsible for protecting subterranean water supplies from pollution from Lessee's operations and lessee shall be liable in damages for any pollution caused by its operations.
12. If the leased premises or part thereof is subject to federal and/or state agricultural assistance programs such as, but not limited to, CRP, CREP, or Clean & Green programs, then Lessee shall reimburse, indemnify and hold Lessor and/or Lessor's tenant harmless from any roll-back real estate taxes, assessments, contract buyout, damages and/or penalties and interest assessed or levied as a result of this Lease and/or Lessee's operations on the leased premises.



13. Lessee shall notify Lessor at least thirty (30) days in advance of any agreement, contract, assignment(s) or other conveyance(s) that would result in Lessee owning less than 51% of the working interest in this lease or in the change of the licensed operator authorized by the Kansas Corporation Commission to operate the wells on the leased premises or any part thereof. Any assignment, conveyance or transfer of Lessee's interest in the lease or any part thereof shall not operate to release or discharge Lessee from the lessee's duties and obligations under this lease, nor release or discharge Lessee from any liabilities, claims or damages that may accrue by reason of any breach of the terms and covenants, expressed or implied, of this lease, whether arising or accruing before or after such assignment, conveyance or transfer, unless such assignment, conveyance or transfer is approved in writing by Lessor. This provision does not impair Lessee's right or ability to assign its interests, nor to transfer operating rights to another operator; however, Lessee shall nevertheless remain liable to Lessor for the performance of all duties and obligations required of the lessee hereunder, unless and until Lessor consents in writing to such assignment or transfer.

14. All power lines on the lease are to be underground and be buried to a minimum of 36 inches. If any power lines on the leased premises cannot reasonably be placed underground due to a unique condition, then lessee may request lessor's written consent to use an overhead line, which consent will not be unreasonably withheld. In the event the lessor provides written consent to use an overhead power line it must be of sufficient height to not interfere with the movement of farm equipment and vehicles nor block any pathway or entrance to a field.

15. Lessor with the written permission of lessee shall have the right to make a connection to the lessee's power line and to use electricity on the leased premises. Lessee shall have the right to designate the location of such connection. The cost of making such connection, and cost of all electric lines run by lessor from such location, shall be paid entirely by lessor.

16. Lessor expressly reserves ownership and use of all fresh water from or on the leased premises, including but not limited to wells, tanks, ponds and irrigation channels on or appurtenant to the leased premises.

17. Upon receipt of notification by lessor of any alleged breach or violation of the terms of this lease, or of any other matter which lessee is obligated to perform (or obligated to cease, as the case may be) under the terms of this lease, lessee shall promptly undertake such action as necessary to remediate or cure the same, and shall complete such remediation with due diligence and dispatch. If such matter falls under the jurisdiction of any regulatory agency such as the Kansas Corporation Commission (KCC) or Environmental Protection Agency (EPA), then lessee shall comply with any applicable reporting and remediation requirements of such agency. In the event of a spill of oil, saltwater or toxic chemicals, lessee shall immediately report same to lessor and to the regulatory agency having jurisdiction thereof, and thereafter complete the clean up and remediation thereof with due diligence and dispatch.



ADDITIONAL LANDOWNERS – CIRCLE K LEASE

Steven and GERALYN Kelly  
25610 W 69<sup>th</sup> Ter  
Shawnee, KS 66226

(N/2 SW/4)