

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: _____

Title: _____

Date: _____

Signature: _____

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # _____ has been noted, approved and duly recorded in the records of the Kansas Corporation Commission. This acknowledgment of transfer pertains to Kansas Corporation Commission records only and does not convey any ownership interest in the above injection well(s) or pit permit.

_____ is acknowledged as the new operator and may continue to inject fluids as authorized by

Permit No.: _____ . Recommended action: _____

Date: _____

Authorized Signature

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

permitted by No.: _____ .

Date: _____

Authorized Signature

DISTRICT _____ EPR _____ PRODUCTION _____ UIC _____

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1

July 2021

Form Must Be Typed

Form must be Signed

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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 (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: _____

PURCHASE AGREEMENT

THIS AGREEMENT is made and entered into this 15th day of November, 2023, by and between the following:

James R. Perkins Energy, LLC,
a Kansas limited liability company ("JRPE"),
joined by its contract operator, Perkins Oil Enterprises, Inc,
a Kansas corporation ("POE")
(JRPE and POE are hereinafter referred to collectively as "Seller"); and

Z & L Oil, LLC, a Kansas limited liability company,
(hereinafter referred to as "Buyer")

WITNESSETH:

1. **Assets Sold.** Seller agrees to sell and convey, and Buyer agrees to purchase and pay for, the following:

a) **Leases.** The interests of JRPE in the leases described in Exhibit "A", attached hereto, consisting of the following:

- (i) 81.25% working interest (.7109375 NRI) in the "Colyer/Pickell" Leases;
- (ii) 81.25% working interest (.7109375 NRI) in the "Mullendore" Lease Area;
- (iii) 100% working interest (.8750000NRI) in the "Denton" Lease Area;
- (iv) 93.75% working interest (.8203125 NRI) in the "Kyser-Hyde" Lease Area;
- (v) 92.5% working interest (.8093750 NRI) in the "Cory-Eaglehead" Lease Area; and
- (vi) 100% working interest (.87500000 NRI) in the MKO Lease, but subject to the provisions of paragraph 13, below.

b) **Wells.** The oil and gas wells located upon the Leases as described in Exhibit "B", attached hereto.

c) **Production Equipment.** All of the oil and gas field production equipment located upon the Leases, including pump jacks, motors, pipe, casing, pumps, fittings, connections, gathering lines, electric lines, separators and tank batteries, the major items of which are described in Exhibit "C", attached hereto.

d) **POE Equipment.** Associated oil and gas field rolling stock and support equipment described in Exhibit "D", attached hereto (such items being owned and sold by POE).

e) **Shop.** Use of the oil field shop located on approximately 4 acres in the approximate Northwest Corner of the NE/4 of Section 10, Township 30S, Range 9E, which use may continue for the life of the Mac-O-Chee Consolidating Lease, but subject to the provisions of paragraph 14, below.

f) **Access Easements.** Such access easements over, through and across the lands of *Seller* (or its affiliate, Mac-O-Chee Farms, L.P.), as may be necessary or useful to *Buyer's* operation of the leases and wells, and also an easement for the MKO Lease tank battery where and as presently located in the approximate corner of the SE/4 of Section 9, Township 30S, Range 9E.

(the "Assets").

2. **Purchase Price.** The purchase price is \$600,000 payable in certified funds or by completed electronic funds transfer at Closing.

3. **Allocation.** The purchase price is allocated as follows:

Leases	\$500,000.00
Production Equipment	\$50,000.00
POE Equipment	\$50,000.00
Total:	\$600,000.00

4. **Closing.** Closing shall occur at a mutually convenient location in Howard, Kansas, on or about December 15, 2023.

5. **Effective Time.** The sale and purchase shall be effective for runs commencing at 11:59 o'clock p.m., on December 31, 2023 (the "Effective Time").

6. **Taxes.**

a) *Seller* shall pay all taxes assessed against the Assets sold for 2023 and prior years. *Buyer* shall pay all subsequent year taxes (subject to the right to recover the proportionate share of taxes from co-working interest owners).

b) *Buyer* shall pay any sales and registration taxes associated with the transfer and re-titling of the rolling stock.

7. **Revenues.** *Seller* (and its co-working interest owners) shall be entitled to all revenues from the operation of the Leases up to the Effective Time, and shall clear the stock tanks of all recoverable oil down to, and not below, the commercial draw downs prior to the Effective Time. *Buyer* (and its co-working interest owners) shall be entitled to all subsequent revenues, subject to landowner royalties.

8. **Expenses.** *Seller* (and its co-working interest owners) shall pay all expenses of operation and ownership of the Leases, including all wages due employees and payments due contractors, up to the Effective Time. *Buyer* (and its co-working interest owners) shall pay all such expenses subsequent to the Effective Time.

9. **Utilities.** All utility services (electric) shall be transferred to *Buyer* at the Effective Time.

10. **Transfer of Operatorship.** Immediately after the Effective Time, *POE* shall initiate transfer of operatorship of the Wells to *Buyer* on Form T-1 through the Kansas Corporation Commission ("KCC") KOLAR system and shall issue required surface owner notifications.

11. **Compliance.** *Buyer* (and its co-working interest owners) shall be responsible for prospective regulatory compliance of the Leases and Wells in conformity with the rules and regulations of the KCC and all applicable Federal, State and local laws, statutes, rules, regulations and ordinances including the ultimate obligation for plugging of all of the wells listed in Exhibit "B", and *Buyer* shall defend and indemnify *Seller* from any liability with respect thereto. *POE* previously entered into a Compliance Agreement with the KCC requiring the periodic plugging of wells unless sooner otherwise brought into compliance and is well ahead of the required rate of compliance. *Buyer* shall make its own compliance arrangements with the KCC in connection with the Wells.

12. **Co-Working Interest Owners.** JDP Ag, LLC is the sole co-working interest owner of the Leases and Production Equipment and owns the following interests:

<u>Leases</u>	<u>W.I.</u>	<u>N.R.I.</u>
Colyer/Pickell	18.25%	.1596875
Mullendore Area	18.25%	.1596875
Denton Lease Area	0.0%	.0000000
Kyser-Hyde Area	6.25%	.0546875
Cory-Eaglehead Area	7.5%	.0656250
MKO Lease	0%	.0000000

Prior to Closing, *Buyer* and JDP Ag, LLC shall enter into a mutually acceptable operating agreement or understanding with respect to future operations and ownership of the Leases.

13. **MKO Lease Status.** *Seller* has not recently produced the MKO Lease and resumption of its operation may require landowner consent, lease ratification, or lease renewal. Prior to Closing, *Seller* and *Buyer* shall cooperatively consult with the MKO Lease landowner regarding resumption of operations, and with respect thereto:

- a) If consent to resumption of operations is obtained, *Seller* shall assign the MKO Lease to *Buyer* without warranty of title.
- b) If consent to resumption of operations is not obtained, then *Seller* shall release the MKO Lease.
- c) In either event, the Production Equipment located upon the MKO Lease is sold and shall be assigned to *Buyer*, and *Buyer* shall be obligated for the plugging of the Wells and surface restoration on the MKO Lease.

14. **Prior Land Use Interests.**

- a) The "Mullendore", "Denton", "Kyser-Hyde" and "Cory-Eaglehead" Lease Areas are subject to Wind Energy Lease to Caney River Wind Project, LLC, dated July 17, 2007, and specifically Accommodation Agreement dated September 15, 2010, recorded in Book MS 64, Page 374, in the office of the Register of Deeds of Elk County, Kansas.

b) The "Mullendore" and "Denton" Lease Areas are subject to Ground Lease Agreement to Zephyr Solar, LLC for purposes of a solar energy farm. At *Seller's* request, *Buyer* shall execute and deliver to Zephyr Solar, LLC, such instruments as are necessary or desirable to reflect the subordination of *Buyer's* oil and gas lease rights to such Ground Lease Agreement and well as any necessary Release of Oil and Gas Lease to lands within the designated lease boundary line. The precise lease boundary line for the solar farm has not yet been designated, and while the parties believe it unlikely the producing wells in such Lease Areas will be ultimately included, the following provisions are made with respect to any wells as may come to be included within the designated lease boundary line:

(i) *Seller* shall pay the cost of plugging of any well as may then remain located within the designated solar lease boundary line, but *Buyer* shall be entitled to any salvageable equipment;

(ii) To the extent any producing wells are located within the solar lease boundary line, *Seller* shall compensate *Buyer* (and co-working interest owners) for the loss of such production on an equitable basis to then be negotiated by the parties and with reference to the basis on which the price hereunder has been negotiated, namely at \$40,000 per barrel of average daily production from the wells, but adjusted for interim changes in crude oil prices, with the current benchmark price being \$83.14 per barrel (based on WTI Cushing, OK). To illustrate, a change in WTI Cushing, OK of 10% will result in a 10% change in the \$40,000 per barrel average daily production. It is provided, however, that the parties mutually agree that the fair value formula shall be "collared" so as to not exceed \$60,000 per daily barrel or be less than \$20,000 per daily barrel.

15. **Assignment.** *Seller* may assign its interest in this Agreement, in whole or in part, to a qualified intermediary for purposes of conducting a tax deferred like kind exchange pursuant to IRC Section 1031, but no such assignment shall relieve *Seller* from its obligations hereunder.

16. **Contingencies.** *Buyer's* obligations hereunder are contingent upon the following:

- a) Attorney's examination and approval of title.
- b) Bank financing of the purchase price, and *Buyer* represents it has preliminary approval of such financing.

17. **Closing Deliverables.**

- a) At Closing, *Seller* shall deliver the following:
 - i) Good and sufficient Assignments and Bills of Sale to the Leases and Production Equipment.

ii) Bill of Sale to the *POE* Equipment, plus assigned certificates of title to the titled rolling stock.

b) At Closing, *Buyer* shall deliver the purchase price.

18. **Amendment.** This Agreement may be amended only by written instrument signed by the parties.

19. **Execution.** This Agreement may be executed and delivered by electronic means (email or facsimile) and when so executed and delivered shall be as effective as if manually signed and physically delivered.

20. **Notices.** All notices required or permitted to be given shall be effective when mailed or emailed to the following:

a) If To *Seller*: James R. Perkins
P.O. Box 707
Howard, KS 67349
620-374-2133
jrperkins@sktc.net

With Copy To: Jon R. Viets
Attorney At Law
P.O. Box 1176
Independence, KS 67301
620-331-0144
vicogroupltd@live.com

b) If To *Buyer*: Zach Milligan
P.O. Box 318
Longton, KS 67352
785-341-2983
_____@_____ .com

With Copy To: Paul M. Buck
P.O. Box 418
Sedan, KS 67361
620-725-5500
paul@paulbucklaw.com

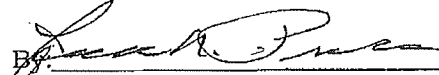
21. **Integration.** This Agreement, together with the Exhibits hereto and the instruments delivered at Closing, shall constitute the complete agreement of the parties, superseding all prior understandings with respect to the subject matter.

22. **Binding Effect.** This Agreement will be binding upon, and shall inure to the benefit of, the parties hereto, their successors and assigns.

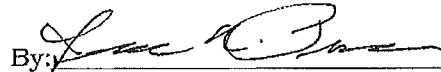
IN WITNESS WHEREOF this Agreement is executed the day and year first above written.

Seller

James R. Perkins Energy, LLC

By: 
James R. Perkins, Manager

Perkins Oil Enterprises, Inc.

By: 
James R. Perkins, President

Buyer

Z & L Oil, LLC

By: _____
Zach Milligan, Manager

IN WITNESS WHEREOF this Agreement is executed the day and year first above written.

Seller

James R. Perkins Energy, LLC

By: _____
James R. Perkins, Manager

Perkins Oil Enterprises, Inc.

By: _____
James R. Perkins, President

Buyer

Z & L Oil, LLC

By: _____
Zach Milligan, Manager

EXHIBIT "A"

A. Pickell/Colyer Leases:

1. Pickell Lease:

LESSOR: George A. Pickell, et al
LESSEE: Stephen H. Frazier
DATE: June 19, 1922
RECORDED: Book I, Page 131
PROPERTY: S/2SW/4 of Section 30, Township 30S, Range 11E, Elk County, Kansas

2. Colyer Lease:

LESSOR: Frank Colyer, et ux.
LESSEE: O.F. Oakley
DATE: June 26, 1920
RECORDED: Book G, Page 122
PROPERTY: N/2SW/4 of Section 30, Township 30S, Range 11E, Elk County, Kansas

3. Consolidation:

LESSOR: Mac-O-Chee Farms, L.P.
LESSEE: James R. Perkins Energy, LLC, et al.
DATE: August 12, 2021
RECORDED: Book MS 74, Page 309
PROPERTY: SW/4 of Section 30, Township 30S, Range 13E, Elk County, Kansas (160 acres m-l).

B. Mac-O-Chee Consolidating Lease:

LESSOR: Mac-O-Chee Farms, L.P.
LESSEE: James R. Perkins, LLC, et al.
DATE: December 8, 2018
RECORDED: Book MS 73, Page 250
PROPERTY: (i) "Mullendore" Lease Area:
The SW/4, the S/2SW/4NW/4, the S/2SE/4NW/4, the SW/4SW/4NE/4, and the W/2NW/4SE/4 of Section 3, Township 30S, Range 9E, Elk County, Kansas (230 acres m-l), AND
(ii) "Denton" Lease Area:
The SE/4 and E/2SW/4 of Section 4, Township 30S, Range 9E, Elk County, Kansas, except approximately 10 acres previously conveyed to Kansas Gas & Electric described as a part of Government Lots 1 and 8 in section 4, Township 30S, Range 9E of the 6th P.M., Elk County, Kansas, described as follows: Commencing at the Southeast Corner of said Government Lot 1, thence South 89 degrees 14 minutes 29 seconds West, assumed bearing, along the South line of said Government Lot 1, a distance of 336.30 feet to the point of beginning of the tract of land to be described, thence on a bearing of North, a distance of 264.32 feet, thence North 80 degrees 33

minutes 47 seconds West, a distance of 618.37 feet, thence on a bearing of South, a distance of 764.79 feet, thence on a bearing East, a distance of 610.00 feet to the intersection with a line bearing South from the point of beginning, thence on a bearing of North, a distance of 399.08 feet to the point of beginning (240 acres m-l).

(iii) "Kyser-Hyde" Lease Area:

The NE/4, the SE/4, the SW/4 and the S/2NW/4 of Section 9, Township 30S, Range 9E, Elk County, Kansas (560 acres m-l), AND All of Section 10, Township 30S, Range 9E, Elk County, Kansas (640 acres m-l); AND

The S/2NE/4 and the SE/4 of Section 8, Township 30S, Range 9E, Elk County, Kansas (240 acres m-l); AND

The NE/4, the N/2SE/4, and the SW/4SE/4 of Section 17, Township 30S, Range 9E, Elk County, Kansas (280 acres m-l).

(iv) "Cory-Eaglehead" Lease Area:

The W/2 of Section 17 and the E/2 of Section 18, Township 30S, Range 9E, Elk County, Kansas (640 acres m-l).

and, pending Amendment thereto conform to the property descriptions set forth above.

C. MKO Lease:

LESSOR:	Missouri, Kansas and Oklahoma Coach Lines, Inc.
LESSEE:	Ray L. Perkins and James R. Perkins
DATE:	September 3, 1971
RECORDED:	Book 23 Misc., Page 258
PROPERTY:	The N/2 of Section 16, Township 30S, Range 9E, Elk County, Kansas (320 acres m-l).

EXHIBIT "B"

WELL INVENTORY

(2 Pages Attached)

