

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Pat Apple, Chairman
Shari Feist Albrecht, Commissioner
Jay Scott Emler, Commissioner

In the matter of the Notice of Denial of)
Operator License Renewal Application of)
Tailwater, Inc.) Docket No. **17-CONS-3685-CMSC**
) CONSERVATION DIVISION
) License No. 32461

Pre-filed Testimony

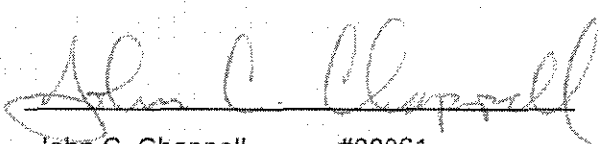
of

Christian L. Martin

on behalf of

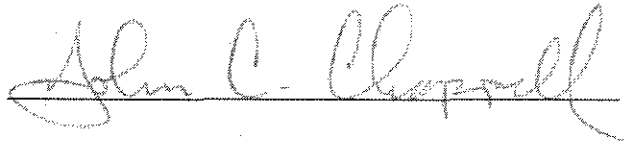
Tailwater, Inc.

Date: 12/04/2017


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Lawrence, KS 66044
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Attorney for Tailwater, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on 12/04/2017, I mailed the original hereof to: Executive Director, State Corporation Commission, Conservation Division, 266 N. Main St., Ste. 220, Wichita, KS 67202; and faxed a copy to the Conservation Division at (316) 337-6211, and ☐ transmitted by fax, ☒ mailed by first class mail, ☒ transmitted by email, a copy to Jon Myers, Kansas Corporation Commission, Conservation Division, 266 N. Main, Ste. 220, Wichita, KS 67202; facsimile: (316) 337-6211; email: j.myers@kcc.ks.gov; and ☐ transmitted by fax, ☒ mailed by first class mail, ☒ transmitted by email, a copy to Michael Duenes, Assistant General Counsel, 1500 SW Arrowhead Rd., Topeka, KS 66604-4027, phone: (785) 271-3100, fax: (785) 271-3354, email: m.duenes@kcc.ks.gov.

A handwritten signature in cursive script, reading "John C. Chappell", written over a horizontal line.

**Pre-filed Testimony
Of
Christian L. Martin**

Q: What is your name and address?

A: Christian L. Martin, 6421 Avondale Dr., Oklahoma City, Oklahoma 73116.

Q: What is your occupation?

A: I work for Tailwater, Inc., which is an oil and gas producer and operator.

Q: Is that a Kansas corporation?

A: No, it's an Oklahoma corporation.

Q: How many shareholders does Tailwater, Inc. have?

A: Just one, me.

Q: Who are the officers of the corporation?

A: I am the president and officially the treasurer and secretary although my sister, Stacey Martin, actually does the work of treasurer and secretary.

Q: Has Tailwater, Inc. been authorized with the Kansas Secretary of State to do business in the State of Kansas?

A: Yes, it has, since 1998.

Q: Has the corporation held an operator license from the Kansas Corporation Commission?

A: Yes, it has, license number 32461 originally granted, I believe, the same year Tailwater filed for authority to do business in Kansas.

A: Have you operated any other businesses besides Tailwater, Inc.?

A: Originally, it was just me doing business as Martin Oil Properties. It's not incorporated, it's a sole proprietorship of which I am the owner. When I first began acquiring and operating oil and gas leases in Kansas back in, I think it was 1983, I did everything as Martin Oil Properties.

A: Has Martin Oil Properties held an operator license from the Kansas Corporation Commission?

A: Yes, it has, license number 3113 originally granted, I believe, around 1983.

Q: Describe your experience and in the oil and gas business.

1 A: I started out working for another company out of Oklahoma City, doing work on oil leases they
2 had up here in Kansas. After a while I got the notion to find some leases of my own and
3 operate them as my own company and so Martin Oil Properties got started. I originally
4 operated a number of leases in Douglas County and Johnson County, and Miami County. Later
5 I sold those and I have been just operating in Anderson County for the past several years.

6 Q: Did you have some success?

7 A: Well, yes, except when the price of oil would decide to take a plunge and wait for extended
8 periods of time before coming back up. Like we've been going through the past couple of
9 years. This has been the worst stretch I've experienced. I've been strongly considering
10 throwing in the towel. It seems to be when you don't have any money that bad things start
11 happening that put you even farther in the hole financially and suddenly people are coming at
12 you with their hands out wanting the money you don't even have.

13 Q: Over the years, have you ever raised funds for development of leases by selling fractional
14 interests in leases to other people or companies who were interested in investing in oil wells?

15 A: Yes, generally much to my chagrin. But, unfortunately, I never got so lucky on my own as to
16 have a gusher or something to where I could become independently wealthy and have enough
17 of my own money to go and drill a dozen or so new wells just with my own money. So, yes,
18 over the years I've had some leases where we'd have several working interest owners besides
19 myself and I'd serve as the operator for drilling and then for operating the leases after wells
20 were completed.

21 Q: Were you ever involved in creating any other companies besides Martin Oil Properties and
22 Tailwater, Inc.?

23 A: Yes.

24 Q: How did those come about?

25 A: They were in connection with funding for drilling and development on certain leases.

26 Q: Were you involved with a company named Martin Oil Properties, LLC?

27 A: Yes.

28 Q: How did that come about?

1 A: A friend of mine in Oklahoma who knew about my oil and gas leases had a business
2 acquaintance that he apparently bragged about how he was buddies with an oil man who was
3 producing oil in Kansas, which got the business acquaintance excited about becoming an oil
4 man, or at least owning oil wells. The guy was from Hong Kong, actually. He contacted me
5 wanting to get into the business. So we set up Martin Oil Properties, LLC, which was a limited
6 liability company, and I put in some leases and he put in some money and we drilled a number
7 of wells. As I recall, the LLC had its own operator license. Anyway, things were fine until the
8 price of oil took a dive and when that happens the checks from the oil purchaser aren't enough
9 to pay all the operating expenses. When people have to start putting money back in instead of
10 just taking money out they get unhappy and so we ended up in a lawsuit which he lost and the
11 LLC was terminated and I ended up with the leases.

12 Q: Was Martin Oil Properties, LLC ever penalized by the KCC for any violations of federal or state
13 laws or regulations concerning drilling or operating wells during the time it held its operator
14 license?

15 A: Oh, man, that was so many years ago but no, I don't believe so. I checked as best I could in
16 preparation for this testimony, and I couldn't find where we'd had any problems back then. That
17 operator license expired in 1994.

18 Q: . Were you ever involved with a company named Westside Energy, LLC?

19 A: Yes, I was.

20 Q: How did Westside Energy come about?

21 A: A friend of mine that I grew up with in Wichita Falls, Texas had some people he knew that he
22 said were interested in drilling wells, and so he asked me if I had any leases that could be
23 developed. Of course, I did and so we set up Westside Energy, LLC, a limited liability company.

24 Q: When was that?

25 A: It was in 1991.

26 Q: Was it a Kansas LLC?

27 A: I believe it was.

28 Q: Did Westside Energy have an operator license from the KCC?

29 A: Yes.

1 Q: How long was Westside Energy in business?

2 A: About two years.

3 Q: Do you know when its operator license expired?

4 A: It expired in December of 1993, as did the company although the Secretary of State might
5 show 1994. As I recall, there would have been an annual report due in 1994 to keep the
6 company in good standing but there was no point.

7 Q: What happened?

8 A: Basically the same as with Martin Oil Properties, LLC. Drilled a few wells, price of oil tanked,
9 unhappy investors, it died. I can't remember whether we had litigation or not.

10 Q: Was the Flinsbaugh lease in Miami County, Kansas one of the leases that Westside drilled
11 wells on?

12 A: Yes.

13 Q: Did it already have wells when Westside acquired the lease, or did Westside drill the first wells?

14 A: I can't remember for sure. I think there was already at least one well, as I recall, the landowner
15 had drilled one or more wells himself before I or Westside got the lease.

16 Q: Do you remember how many wells Westside actually drilled?

17 A: I don't remember for sure.

18 Q: What happened to the Flinsbaugh lease when Westside Energy went out of business?

19 A: The Flinsbaugh was one of those leases with a landowner you could never make happy. We
20 agreed to surrender the lease back to the landowner in exchange for him taking responsibility
21 for the wells.

22 Q: Can you identify the document marked Applicant's Exhibit 1?

23 A: That's a map of the Flinsbaugh lease that supposedly shows the well locations.

24 Q: Why do you say "supposedly" shows the well locations?

25 A: It shows five wells and their well numbers. The KCC is denying my operator license on account
26 of four other wells that aren't shown on this map.

27 Q: What's the source of this map?

1 A: It's from an online service called Drilling Edge where you can look up oil and gas leases and
2 get information about wells.

3 Q: Can you identify the document marked Applicant's Exhibit 2?

4 A: Yes. That's another Flinsbaugh lease map from the Kansas Geological Survey, another online
5 service where you can look up oil and gas leases and get information about wells.

6 Q: Does this map appear to list the four wells that the KCC is using as the basis to deny your
7 license?

8 A: I think it has a couple of them. But that's the thing, you can't always trust these maps,
9 especially regarding older wells or even wells before about 10 years ago when the KCC started
10 making operators file well inventories whenever they renewed their operator licenses or
11 assigned leases.

12 Q: The four wells that the KCC has identified in connection with the denial of your license are the
13 Flinsbaugh 1-A, 2-A, 4A and 5A. Do you know whether those wells were ever plugged?

14 A: No, I don't.

15 Q: Do you know whether those particular wells even exist as of today on that lease?

16 A: No, I don't.

17 Q: What, if anything, do you know about the present status of the lease?

18 A: I know that the present operator of the lease has within the past few months removed all the
19 equipment from the wells that are on the lease and left pipe sticking up apparently to mark
20 locations.

21 Q: And how do you know about these activities?

22 A: After the KCC denied my renewal I asked my foreman to swing by the Flinsbaugh lease once in
23 a while to check if anything was going on. That's what he's reported to me.

24 Q: Do either you or your foreman or anybody on behalf of Tailwater, Inc. have any authority to
25 enter the property?

26 A: No. It would be trespassing.

27 Q: Can you identify the document marked as Applicant's Exhibit 3?

1 A: Yes. As I mentioned before, it was never possible to make the landowner happy. We ended up
2 surrendering the lease, released it, in exchange for the landowner taking responsibility for
3 plugging the wells. As I recall, Martin Oil Properties had the lease and assigned it to Westside,
4 and then when Westside died it was assigned back to Martin Oil Properties, and then it was
5 Martin Oil Properties that made the agreement with the landowner at that time, Mr. Rickerson.

6 Q: On those occasions when the leases was assigned, such as from Martin Oil Properties to
7 Westside or Westside to Martin Oil Properties or when it was released and the wells assigned
8 to the landowner, was a T-1 Change of Operator form filed with the KCC with respect to any of
9 those transfers?

10 A: No.

11 Q: Why not?

12 A: At that time, it wasn't required. They only required a T-1 if you were assigning an injection well
13 or disposal well or supply well, something with a docket number. Before you could inject water
14 you had to file an application for approval and start proceedings for approval, so you got a
15 docket number and then you'd get an order authorizing the particular use. On such wells
16 there'd be requirements for testing periodically, such as a MIT, and so the KCC wanted to be
17 sure they got notified of who was responsible. But this was not required if you were only
18 assigning producers. You'd file your drilling intent, then drill the well and file a completion
19 report, of course. But it was never required to file a T-1 just for producers until whenever it was
20 about 10 years ago when the KCC started requiring it for all wells.

21 Q: Do you know why this agreement, Exhibit 3, contains a specific agreement about the
22 landowner taking responsibility for the wells?

23 A: Well, as explained to me by my lawyer, there's a law saying landowners aren't responsible for
24 abandoned wells unless they either mess around with them or sign something in writing taking
25 responsibility. We used that same sort of form on other leases over the years and, as I recall, if
26 the KCC would call about some well that needed plugging and all they had was the drilling
27 intent or completion report with our name on it, we'd send them a copy of that agreement and it
28 took care of it. But it doesn't seem to be that way now.

29 Q: At the time Westside Energy went out of business, did it have any leases or wells still under its
30 control?

31 A: No.

1 Q: At the time Westside Energy went out of business, had it had any penalties assessed for any
2 violations of federal or state laws or regulations concerning drilling or operating of oil or gas
3 wells, or any proceedings pending against it?

4 A: No.

5 Q: Can you identify the documents marked as Applicant's Exhibits 4 and 5?

6 A: Yes, those are copies of tax receipts from Miami County showing that Mr. Rickerson, the
7 landowner, was paying the taxes on the wells.

8 Q: Can you identify the document marked as Applicant's Exhibit 6?

9 A: Yes. That's a copy of an assignment of a new oil and gas lease on the same land that was
10 under the Flinsbaugh lease Westside had. I didn't get a copy of the lease itself, but it's
11 described in the assignment. Mr. and Mrs. Rickerson appear to have leased it to themselves
12 d/b/a Rickerson Oil, but then assigned it to Randy and Misty Kitchen.

13 A: Can you identify the document marked as Applicant's Exhibit 7?

14 A: Yes. That's a copy of the T-1 Change of Operator, to transfer operating from Randy and Misty
15 Kitchen to a company they formed called Poverty Knob Production, LLC. The transfer was
16 received and approved by the KCC. Unfortunately for me, as you can see, they neglected to
17 include the four wells that appear to have come to the attention of the KCC.

18 A: To your knowledge, has the KCC contacted Poverty Knob about the discrepancy, or to
19 determine the status of the Flinsbaugh Wells #1-A, 2-A, 4-A or 5-A?

20 A: If I left some wells off one of my inventories I would sure expect to hear from them but, as far
21 as I know, they haven't contacted them.

22 Q: Were you aware that the KCC filed a proceeding against Westside Energy, LLC, Docket No.
23 17-CONS-3237-CSHO, regarding these four wells, resulting in a Default Order on March 2,
24 2017?

25 A: No, I knew nothing about it until my attorney told me about it after this action was taken over
26 my Tailwater license renewal.

27 Q: According to the pleadings filed in that action, notice was mailed to Chris Martin, Westside
28 Energy, L.C. at P.O. Box 18423, Oklahoma City, OK 73154. Is that your address?

29 A: I haven't had that address for more than 20 years.

1 Q: As of the renewal date for Tailwater's operator license, was Tailwater or you d/b/a Martin Oil
2 Properties under any penalty for violation of federal or state laws or regulations concerning oil
3 and gas drilling or operations?

4 A: No. We had a matter concerning drilling intents in Docket No. 16-CONS-3985-CPEN which
5 was resolved by settlement. I was specifically advised that it would not have any effect in
6 renewal of Tailwater's operator license.

7 Q: Is Tailwater, Inc. is an officer, director, partner or member of Westside Energy, LLC?

8 A: No.

9 Q: Does Tailwater, Inc. own any stock of Westside Energy, LLC?

10 A: No.

11 Q: Is Tailwater, Inc. a spouse, parent, brother, sister, child, parent in law or sister in law of
12 Westside Energy, LLC?

13 A: No.

14 Q: Are you now, or were you in 2016, an officer, director, partner or member of Westside Energy,
15 LLC?

16 A: No.

17 Q: Do you now, or did you in 2016, own any stock of Westside Energy, LLC?

18 A: No.

19 Q: Are you now, or were you in 2016, a spouse, parent, brother, sister, child, parent in law or
20 sister in law of Westside Energy, LLC?

21 A: No.

22 Q: Are you and Tailwater, Inc. in compliance with all Commission statutes, regulations and
23 orders?

24 A: Yes.

1 Exhibits Attached

2 Exhibit 1: DrillingEdge Map of Flinsbaugh lease

3 Exhibit 2: KGS Map of Flinsbaugh lease

4 Exhibit 3: 1998 Assignment of Flinsbaugh wells

5 Exhibit 4: Tax Receipt 2000

6 Exhibit 5: Tax Receipt 2001

7 Exhibit 6: 2014 Lease Assignment

8 Exhibit 7: 2014 T-1 Change of Operator

9
10
11
12
13
14 I declare under penalty of perjury under the laws of the state of Kansas that the foregoing is true
15 and correct.

16
17
18 Executed on Dec. 4, 2017 /s/ Christian L. Martin

19 Christian L. Martin
20
21

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[.com/kansas/miami-county/](http://www.drillingedge.com/kansas/miami-county/)

Poverty Knob Production, LLC (<http://www.drillingedge.com/kansas/operators/poverty-knob-production-llc/8374543/>) / Flinsbaugh

Permits (<http://www.drillingedge.com/drilling-permits/>)

Pricing (<http://www.drillingedge.com/pricing/>)

Lease Summary (<http://www.drillingedge.com/search/>)

Map of Wells Associated with Flinsbaugh

Lease Name:

Flinsbaugh (<http://www.drillingedge.com/contact/>)

Operator:

Poverty Knob Production, LLC

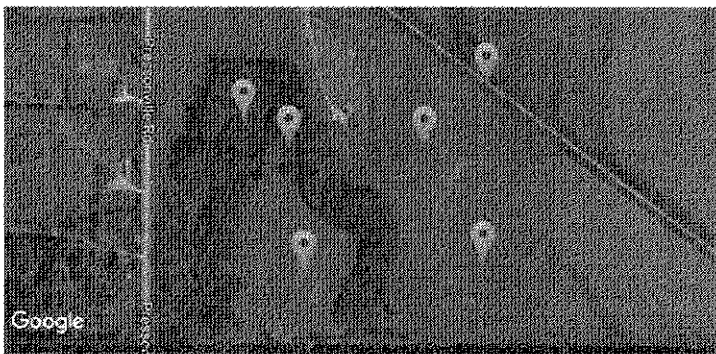
County:

Miami County, KS

Production Dates on File:

June 1986 to August 2013

6 Total Wells



Production By Month For Flinsbaugh

Instantly Access Production Data

Subscribe now to receive immediate access to

Flinsbaugh oil and gas production

between June 1986 and August 2013

(https://www.drillingedge.com/register?utm_source=drillingedge.com&utm_medium=banner&utm_campaign=production&utm_content=lease&utm_term=kansas-miami-county-leases/flinsbaugh-1001138204)

Wells Associated With Flinsbaugh

Production Based on January 2017 Data

API #	Well Name	Status	Spud Date	Completion Date
# 15-121-27220	FLINSBAUGH 1-W	Producing	0000-00-00	0000-00-00
# 15-121-27200	FLINSBAUGH 3-A	Producing	1991-09-05	1991-09-10
# 15-121-02576	FLINSBAUGH 35	Producing	0000-00-00	0000-00-00
# 15-121-02537	FLINSBAUGH 39	Producing	0000-00-00	0000-00-00
# 15-121-02539	FLINSBAUGH 42	Producing	0000-00-00	0000-00-00
# 15-121-27250	FLINSBAUGH 6-A	Producing	1991-11-12	1991-12-03

Leases Near Flinsbaugh

EXHIBIT 1

Benus Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/benus/1001127802>)

Ebrewer Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/ebrewer/1001133029>)

Howell-George Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/howell-george/1001161665>)

Mason-Mann Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/mason-mann/1001134052>)

Pioneer Oil #3 Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/pioneer-oil-3/1001138282>)

Brewer Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/brewer/1001126149>)

Fee Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/fee/1001106692>)

Howell-Gorges Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/howell-gorges/1001129399>)

O'Brian & Bened Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/o-brian-bened/1001127829>)

Roseberry Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/roseberry/1001161176>)

Brewer North Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/brewer-north/1001161746>)

Frank Ritch Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/frank-ritch/1001130699>)

Howell-Gorges 'B' Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/howell-gorges-b/1001135711>)

O'Brien Clark Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/o-brien-clark/1001106756>)

Roseberry-Peck Lease
(<http://www.drillingedge.com/kansas/miami-county/leases/roseberry-pecd/1001131032>)

Operators in the Area

Altavista Energy, Inc.
(<http://www.drillingedge.com/kansas/operators/altavista-energy-inc/88129420>)

Const Oil Corpor
(<http://www.drillingedge.com/kansas/operators/const-oil-corpor/4038270>)

Landowner
(<http://www.drillingedge.com/kansas/operators/landowner/25600728>)

Pioneer Oil Co.
(<http://www.drillingedge.com/kansas/operators/pioneer-oil-co/p9458556>)

Red Point Oil
(<http://www.drillingedge.com/kansas/operators/red-point-oil/6381696>)

Brewer, Ross F.
(<http://www.drillingedge.com/kansas/operators/brewer-ross-f/85227006>)

High Water Oil C
(<http://www.drillingedge.com/kansas/operators/high-water-oil-c/h3478834>)

Moore, Don A.
(<http://www.drillingedge.com/kansas/operators/moore-don-a/m5579218>)

Prado Petroleum
(<http://www.drillingedge.com/kansas/operators/prado-petroleum/p2028597>)

Thunderbolt Construction Corp
(<http://www.drillingedge.com/kansas/operators/thunderbolt-construction-corp/t4193411>)

C. F. Oil, A General Partnership
(<http://www.drillingedge.com/kansas/operators/c-f-oil-a-general-partnership/cf1220395>)

Howell Oil Compa
(<http://www.drillingedge.com/kansas/operators/howell-oil-compa/h8236761>)

Petro Drilling I
(<http://www.drillingedge.com/kansas/operators/petro-drilling-i/p6504051>)

Prothe, Dale E. Or Linda L. A General Partnership
(<http://www.drillingedge.com/kansas/operators/prothe-dale-e-or-linda-l-a-general-partnership/p9885838>)

Town Oil Company
(<http://www.drillingedge.com/kansas/operators/town-oil-company/t1986181>)



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If you have any questions don't hesitate to contact us

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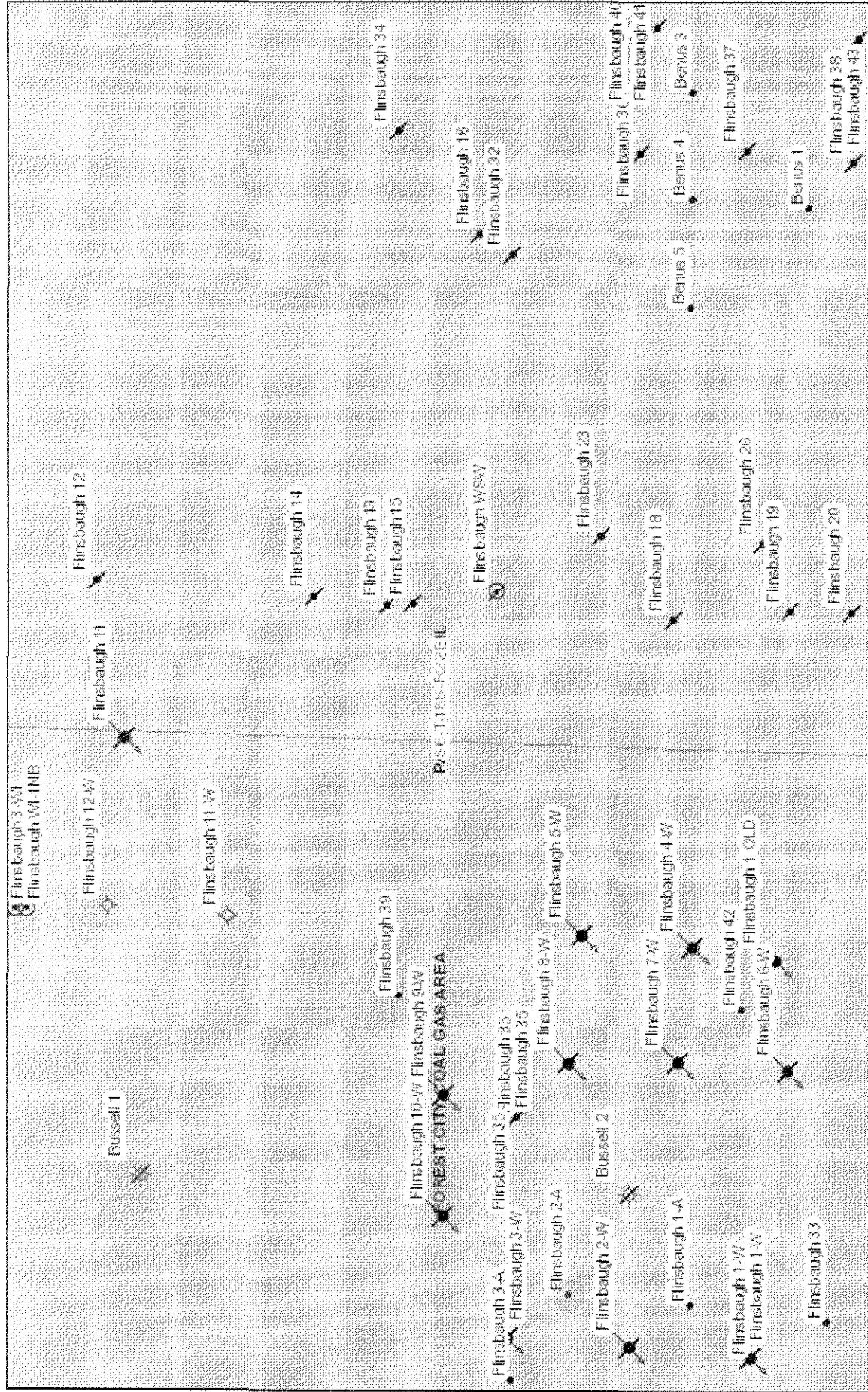
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(<http://www.linkedin.com/company/drillingedge-com>)

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(<https://www.facebook.com/drillingedge>)

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Flinsbaugh_Well_Map



September 14, 17

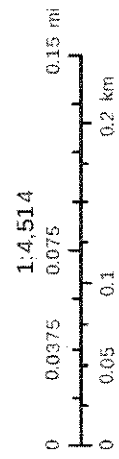


EXHIBIT 2

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey

Kansas Geological Survey
http://maps.kgs.edu/etools/gis

COPY

ASSIGNMENT OF WELLS AND EQUIPMENT

This agreement is made this 7 day of July, 1998 between James Riekerson, a/k/a Jim Riekerson, referred to as Lessor, and Christian L. Martin, d/b/a Martin Oil Properties, referred to as Lessee.

Whereas, Lessee has previously operated oil and gas wells and other wells associated with oil and gas production, located upon the following oil and gas lease:

Flinsbaugh Lease: Oil and gas lease dated June 4, 1986, from George W. Flinsbaugh and Elaine Flinsbaugh, husband and wife, and Ross Emery Brewer, a single man, lessors, to Robert W. Howell, lessee, recorded June 10, 1986 at Book 317, Page 62; as amended by instrument dated October 25, 1990, recorded October 30, 1990 at Book 345, Page 446; insofar as said lease covers the following land in Miami County, Kansas:

The Southwest Quarter (SW/4) of Section Six (6), Township Eighteen (18) South, Range Twenty-two (22) East of the 6th P.M.

which oil and gas lease has previously been released by Lessee; and

Whereas, Lessor desires to acquire from Lessee all right, title and interest in and to the wells, casing, lines, and equipment located thereon;

Now, therefore, in consideration of the mutual promises and agreements each made to the other, Lessor and Lessee agree as follows:

Lessee does hereby release, relinquish, surrender and quitclaim to the Lessor, their heirs, successors and assigns, as their interest may appear, any and all right, title and interest whatsoever owned by the Lessee, including any reversionary or contingent rights or interests in and to the lands described hereinabove by virtue of said oil and gas lease and/or any assignment(s) thereof, and does hereby sell, assign, transfer and convey to Lessor all the wells, casing, lines, and equipment located thereon, all of which are hereby sold, assigned, conveyed and transferred to Lessor in "as is" condition. Lessee makes no representations or warranties whatsoever, express or implied, concerning same, including merchantability, fitness for a particular purpose, or any other purpose.

Lessor accepts all of said wells, casing, lines and equipment in their present condition and location, and forever releases and discharges the Lessee from any duty or liability for the maintenance or plugging of said wells or further restoration of said premises, Lessor hereby expressly assuming all responsibility for such maintenance, plugging and restoration and agreeing to forever indemnify and hold Lessee harmless from any claim, cause of action, penalty or liability therefor.

Martin Oil Properties

by:

Christian L. Martin, Owner

x James Riekerson
James Riekerson

ACKNOWLEDGMENTS

STATE OF Kansas, COUNTY OF Franklin, ss:

This instrument was acknowledged before me on July 16, 1998 by
James Riekerson.



Terry Chartier
Notary Public
Appointment Expires:

STATE OF Oklahoma, COUNTY OF Oklahoma, ss:

This instrument was acknowledged before me on 07/07, 1998 by
Christian L. Martin, d/b/a Martin Oil Properties.

Chystal Dunningburg
Notary Public
Appointment Expires:



Miami County Treasurer's Office
Jennie Fyock, Treasurer

Page # 1

201 S. Pearl, Suite 103
Paola, Kansas 66071
913.294.2353 / Fax 913.294.9540
www.miamicountyks.org

PAID TAX RECEIPT

Receipt #	2014108-001
Taxpayer ID	RICK0018
Tax Year	2000
Property Type	Oil
Tax Statement #	0040365
Entry/Posting Date	2001/02/05
Penalty Date	2001/02/05
Warrant#	739

RICKERSON, JAMES L
NORMA MAY RICKERSON
13 TIMBER LAKE RD
LANE, KS 66042-9350

	1st Half PD2001/02/05	2nd Half PD2001/02/05	Fees & Penalty	TOTAL
ORIGINAL Taxes Due	\$17.98	\$17.98		\$35.96
Paid This Receipt	\$17.98	\$17.98	\$2.52	\$38.48
Amount Due	\$0.00	\$0.00		\$0.00

Payor: RICKERSON, JAMES L

THANK YOU FOR YOUR PAYMENT

PROPERTY DESCRIPTION - OIL

Tax Unit.181 OSAWATOMIE NEKL
Operator.RICKERSON, JAMES L
Legal....PT SW4 6-18-22
Sec. 6 Twn.18 Rng.22

WORKING INTEREST
Purchaser.NAME NOT AVAILABLE
Lease #...180269
Name...RICKERSON (FLINSBAUGH)
Value... 386



EXHIBIT 4



Miami County Treasurer's Office
Jennie Fyock, Treasurer

Page # 1

201 S. Pearl, Suite 103
Paola, Kansas 66071
913.294.2353 / Fax 913.294.9540
www.miamicountyks.org

PAID TAX RECEIPT

Receipt #	11879-005
Taxpayer ID	RICK0018
Tax Year	2001
Property Type	Oil
Tax Statement #	0030413
Entry/Posting Date	2002/05/13
Penalty Date	2002/05/13
Warrant#	790

RICKERSON, JAMES L
NORMA MAY RICKERSON
13 TIMBER LAKE RD
LANE, KS 66042-9350

	1st Half PD2002/05/13	2nd Half PD2002/05/13	Fees & Penalty	TOTAL
ORIGINAL Taxes Due	\$16.42	\$16.42		\$32.84
Paid This Receipt	\$16.42	\$16.42	\$5.32	\$38.16
Amount Due	\$0.00	\$0.00		\$0.00

Payor: RICKERSON, JAMES

CK# 2095

THANK YOU FOR YOUR PAYMENT

PROPERTY DESCRIPTION - OIL

Tax Unit.181 OSAWATOMIE NEKL
Operator.RICKERSON, JAMES L
Legal....PT SW4 6-18-22

Sec. 6 Twn.18 Rng.22

WORKING INTEREST
Purchaser.NAME NOT AVAILABLE
Lease #...180269
Name.....RICKERSON (FLINSBAUGH)
Value... 360

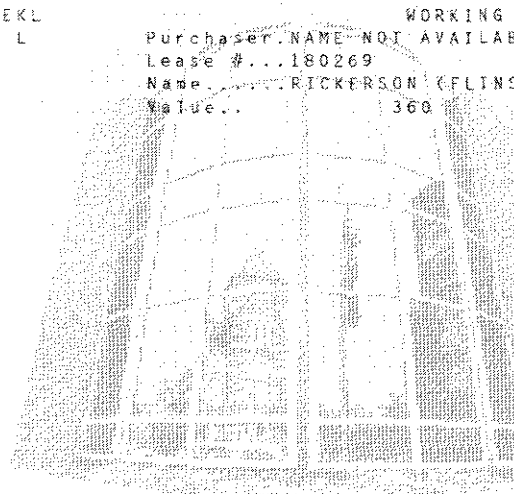


EXHIBIT 5

STATE OF KANSAS, MIAMI COUNTY ss.
I certify that this is a true and correct copy
of the original as the same remains of record
in my office.

James L. Rickerson - Deputy
Register of Deeds

Dated: June 20, 2002

Hinsbaugh # 124983

Page 21—(Miscellaneous)—Burkhard Printing & Stationery Co., Tulsa, Okla.

ASSIGNMENT OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, James L. Rickerson and Norma M. Rickerson

dba Rickerson Oil

hereinafter called Assignor (whether one or more), for and in consideration of One Dollar
(\$1.00) receipt of which is hereby acknowledged, does hereby sell, assign, transfer and set over unto

Randy R. Kitchen and Misty M. Kitchen

39395, W. 35th

Osawatomie, KS 66004

STATE OF KANSAS ss. No. 81
MIAMI COUNTY
THIS INSTRUMENT WAS FILED FOR RECORD
ON THE 20th DAY OF JUNE 2002
RECORDED IN BOOK 2002-2003 PAGE 1100
Katie Brock
REGISTER OF DEEDS
James L. Rickerson

hereinafter called Assignee,

all working

interest in and to the oil and gas lease dated April 22nd

1999

from James L. Rickerson and Norma M. Rickerson

to James L. Rickerson and Norma M. Rickerson dba Rickerson oil

recorded in book 453

page 4-5

in so far as said lease covers the following described land in

Miami County, State of Kansas
The Southwest fractional quarter of section 6 township 18, Range 22, excepting the
former right of the Missouri Pacific Railroad, excepting there from that part of
that part of the Southwest quarter of said section 6 lying North of the former
Missouri Pacific Railroad right of way.

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SEP 10 2014

CONSERVATION DIVISION
WICHITA, KS

together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection
therewith.

And for the same consideration the Assignor covenants with the Assignee, its or his heirs, successors or assigns: That the Assignor
is the lawful owner of and has good title to the interest above assigned in and to said lease, estate, rights and property, free and clear
from all liens, encumbrances or adverse claims; that said lease is a valid and subsisting lease on the lands above described, and all rentals
and royalties due thereunder have been paid and all conditions necessary to keep the same in full force have been duly performed; and
that the Assignor will warrant and forever defend the same against all persons whomsoever, lawfully claiming or to claim the same.

EXECUTED, This 20th day of June, 192002

WITNESSES:

James L. Rickerson (SEAL)
Norma M. Rickerson (SEAL)

STATE OF Kansas
County of Anderson

(Indulgent Acknowledgment)

EXHIBIT 6

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1

July 2014

Form must be Typed

Form must be Signed

All blanks must be Filled

REQUEST FOR CHANGE OF OPERATOR
TRANSFER OF INJECTION OR SURFACE PIT PERMITForm KSDNA-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 9

☐ 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: Pacia-Rantoul

**** Side Two Must Be Completed.**

Effective Date of Transfer: 09/19/2014

KS Dept of Revenue Lease No.: 124983

Lease Name: Flinsbaugh

Sec. 8 Twp. 19s R. 22E ☒ E ☐ W

Legal Description of Lease: attached

County: Miami Received
KANSAS CORPORATION COMMISSION

Production Zone(s): Squirrel **SEP 10 2014**

Injection Zone(s): CONSERVATION DIVISION
WICHITA, KS

Surface Pit Permit No.: feet from ☐ N / ☐ S Line of Section
(API No. if Drill Pit, W/O or Haul)

Type of Pit: ☐ Emergency ☐ Burn ☐ Settling ☐ Haul-Off ☐ Workover ☐ Drilling

Past Operator's License No. 8281- Deceased death certificate attached

Past Operator's Name & Address: Robert Kitchen
37370 John Brown Hwy Osawatomie, KS 66064

Title:

Contact Person: death certificate attached

Phone:

Date:

Signature: Assignment Attached
Doc On File

New Operator's License No. 35117

New Operator's Name & Address: Poverty Knob Production, LLC
39395 W 351st St Osawatomie, KS 66064

Title: Owners, Managing Partners

Contact Person: Misty/ Randy Kitchen

Phone: 913-755-3763

Oil / Gas Purchaser: Plains Marketing

Date: 8/28/14

Signature: Misty M. Kitchen

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 <u>9/18/14</u>	PRODUCTION	SEP 19 2014	UIC	9-19-14
Mail to: Past Operator	New Operator	District			

KCC - Conservation Division, 268 N Main St, Ste 220, Wichita, KS 67202-1513

EXHIBIT 7

Must Be Filed For All Wells

* Location: SW1/4, 6-188-21e

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KANSAS CORPORATION COMMISSION
SEP 10 2014
CONSERVATION DIVISION
WICHITA, KS

* 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
**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

Form KSONA-1
July 2014
Form Must Be Typed
Form must be Signed
All blanks must be Filled

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 # 35117
Name: Poverty Knob Production, LLC
Address 1: 39395 W 351st St
Address 2: _____
City: Oswatimie State: KS Zip: 66064 +
Contact Person: Misty/Randy Kitchen
Phone: (913) 755-3763 Fax: (_____) same
Email Address: _____

Well Location:
SW/4 _____ Sec. 6 Twp. 18 S. R. 22 ☒ East ☐ West
County: Miami
Lease Name: Flinsbaugh Well #: _____

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:
legal attached

Surface Owner Information:

Name: Randy and Misty Kitchen
Address 1: 39395 W 351st St
Address 2: _____
City: Oswatimie State: KS Zip: 66064 +

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 this 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: 8/28/14

Signature of Operator or Agent: Misty M. Kitchen

Title: owner, managing partner

Received
KANSAS CORPORATION COMMISSION

SEP 10 2014

CONSERVATION DIVISION
WICHITA, KS

KCC - Conservation Division, 266 N Main St, Ste 220, Wichita, KS 67202-1513