

**THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

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

In the matter of an Order to Show Cause issued ) Docket No. 17-CONS-3127-CSHO  
to Jaed Production Co., Inc. ("Operator") )  
regarding responsibility under K.S.A. 55-179 for ) CONSERVATION DIVISION  
unplugged wells on an expired license. )  
\_\_\_\_\_ ) License No.: 3954

**PREFILED TESTIMONY  
OF  
ED BROYLES**

**Pre-filed Testimony**

**of**

**Ed Broyles**

Q: What is your name?

A: Ed Broyles.

Q: What is your business address?

A: My current business address is 1729 South Second St., Arkansas City, Kansas 67005.

Q: Are you familiar with this docket?

A: I was the President of Jaed Production Co., Inc. before it surrendered its KCC license. The corporation is no longer in existence by virtue of its failing to file the necessary papers with the Kansas Secretary of State's office. Neither I nor the other shareholder of Jaed Production Co., Inc., Jay Warren, are currently involved in the oil and gas business in any way.

Q: Do you believe Jaed Production Co., Inc. is responsible for any of the unplugged wells on its expired license?

A: The only wells that Jaed Production Co., Inc. could be responsible for are the Hower #1 and the Hower #3 wells. At the time the plugging applications were filed, the company intended to sell these wells, but that did not happen. That is why they are on Jaed's well inventory and have been abandoned.

Q: Do you have any responsibility for plugging the additional wells that are the subject of this proceeding?

A: No.

Q: Could you please explain?

A: Yes. Let me start with the Horton #2 well. I have attached as **Exhibit 1** collectively the leases that were given by the Hortons to Jaed Production Co., Inc., a release of that same lease that was executed by Mike Mackey, and a new lease that was given by the Hortons to Sandstone Energy Acquisitions Corporation. There is also attached as **Exhibit 2** a subsequent lease and

corrected lease granted by the Hortons to J.R. Sorrels. It is my understanding that this lessee stripped the Horton #2 well of its equipment, which was then sold to Endeavor Resources, a company located in Midland, Texas. To my knowledge, this well is abandoned, but I do not believe that Jaed Production Co., Inc. is responsible for plugging this well in light of the leasing activity that took place by the Hortons, Sandstone and Mr. Sorrels, particularly in light of the equipment that was removed and sold by Mr. Sorrels.

Q: What is the situation with the Forbeck #1 well?

A: This is a well that was the subject of a failed inspection by KCC field staff, specifically Dan Fox. This well was originally intended, and perhaps the location of that well is confirmed by the AC0-1 that was filed for this well. A surveyor's plat attached as **Exhibit 3** prepared for Jaed by Robert Moser shows the location issues. A T-1 signed by Cyclone Petroleum to Endeavor Energy Resources shows the correct location. That T-1 which is attached as **Exhibit 4** is not at the location for the original well, and my understanding is that this well is producing today and operated by Endeavor Energy Resources. I believe the KCC is wanting us to plug a well that was never drilled, and certainly Jaed should not be held responsible for a well on its inventory that is currently being operated by another operator and producing today.

Q: There are four wells that are reflected as being unplugged on your license that are on the Rosecrans' lease. Do you believe you are responsible for plugging these wells?

A: No. Jaed Production Co., Inc. acquired these leases from Jerry Sullivan. These wells were initially sold to Drake Exploration Company, which is a company operated by my son, Darren Broyles. Subsequent to that sale and assignment, these wells were sold to Cyclone Petroleum, Inc. T-1 forms showing the transfer of this lease from Cyclone Petroleum, Inc. to Endeavor Energy Resources are attached as **Exhibit 5**.

Q: Are all of the wells on the T-1 from Jerry Sullivan to Jaed Production Co., Inc. also shown on the subsequent T-1 forms?

A: No. That does not change the fact that this lease has sold several times, and the public records of Sumner County will show that to be the case.

Q: Do you believe you are responsible for plugging the wells that were sold by Jaed and operated by Cyclone Petroleum, Inc. and that are now operated by Endeavor Energy Resources?

A: No. There is no basis for these wells remaining on Jaed's inventory and the fact that these have been sold twice since Jaed operated them confirms that fact.

Q: Are there any other wells on Jaed's inventory that are not the subject of this proceeding?

A: Yes. There are two additional wells shown on Exhibit A to Cynthia Maine's testimony. One of those wells has been plugged and the other has been sold to Jim Warren. Although I have requested these matters be reviewed by the KCC and the mail for these issues sent to my office, that has not happened and I do not feel responsible for plugging these wells.

Q: Does this conclude your testimony?

A: Yes.

Exhibits Attached

Exhibit 1: Oil and Gas Leases

Exhibit 2: Oil and Gas Leases

Exhibit 3: Oil Field Survey

Exhibit 4: T-1 forms

Exhibit 5: T-1 forms

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on September 5, 2017, a true and correct copy of the above and foregoing was electronically filed with the Kansas Corporation Commission and mailed via U.S. Postal Service to:

Josh Wright  
Kansas Corporation Commission  
266 N. Main St., Ste. 220  
Wichita, KS 67202-1513

/s/ Jeff Kennedy  
Jeff Kennedy, #12099

AGREEMENT, Made and entered into August 21, 2001, by and between EARL W. HORTON and DONNA M. HORTON, husband and wife, Parties of the first part, hereinafter called lessor (whether one or more) and JAED PRODUCTION CO., INC., Party of the second part, hereinafter called lessee.

WITNESSETH: That the said lessor, for and in consideration of ONE, DOLLARS, cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto said lessee, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land, "together with any reversionary rights therein", situated in the County of Sumner, State of Kansas, described as follows, to-wit:

INDEXED: ☒  
 RECORDED: ☒  
 INDEXED: ☒  
 RECORDED: ☒  
 COMPARED WITH: ☒  
 COPY: ☒

The Southeast Quarter of Section 9, and the South 60 acres of the Northeast Quarter of Section 9, Township 35 South, Range 2 East, and containing 220 acres, more or less.

It is agreed that this lease shall remain in full force for a term of 1 year(s) from this date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee, or the premises are being developed or operated.

In consideration of the premises the said lessee covenants and agrees:

1. To deliver to the credit of lessor, free of cost, in the pipe line to which he may connect his wells, the equal three-sixteenths (3/16ths) part of all oil produced and saved from the leased premises.

2. The lessee shall pay to lessor in gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product as royalty three-sixteenths (3/16ths) of the market value of such gas at the mouth of the well: if said gas is sold by the lessee, then as royalty 3/16ths of the proceeds of the sale thereof at the mouth of the well. The lessee shall pay lessor as royalty 3/16ths of the proceeds from the sale of gas as such at the mouth of the well where gas only is found, and where such gas is not sold or used, lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used as royalty, an amount equal to the delay rental provided in the next succeeding paragraph hereof, and while said royalty is so paid or tendered this lease shall be held as a producing lease under the above term paragraph hereof: the lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of such gas to be at the lessor's sole risk and expense.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except water from wells of lessor.

When requested by lessor, lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for damages caused by its operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with the like effect as if such well had been completed with the term of years herein first mentioned.

If the estate of either party hereto is transferred, and the privilege of transferring in whole or in part is expressly allowed, or if the rights hereunder of either party hereto are vested by descent or devise, the covenants hereof shall extend to and be binding on the heirs, devisees, executors, administrators, successors, or assigns, but no change in the ownership of said land or of any right hereunder shall be binding on the lessee until after lessee has been furnished with the original or a certified copy thereof of any transfer by lessor or with a certified copy of the will of lessor together with a transcript of the probate thereof, or in the event lessor dies intestate and his estate is being administered, with a transcript of the administration proceedings or, in the event of the death of lessor and no administration being had on the estate, with an instrument satisfactory to lessee executed by lessor's heirs, authorizing payment or deposit or tender for deposit to their credit as hereinbefore provided, at least thirty days before said rentals and royalties are payable or due, and it is hereby agreed in the event this lease shall be assigned as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payments of said rentals. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations, with respect to the assigned portion or portions arising subsequent to the date of assignment. If the leased premises are now or hereafter owned in severally or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. There shall be no obligation on the part of the lessee to offset wells on separate tracts onto which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil produced from such separate tracts.

## OIL AND GAS LEASE

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof and may reimburse itself from any rental or royalties accruing hereunder.

The terms, covenants, and conditions hereof shall run with said land and herewith and shall be binding upon the parties hereto, their heirs, administrators, devisees, executors, successors, and assigns; however, all express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Whereof witness our hands as of the day and year first above written.

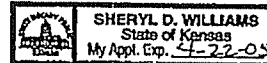
Earl W. Horton  
EARL W. HORTON

Donna M. Horton  
DONNA M. HORTON

STATE OF KANSAS, COUNTY OF COWLEY, ss:

The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of August, 2001, by EARL W. HORTON and DONNA M. HORTON, husband and wife.

Sheryl D. Williams  
NOTARY PUBLIC  
My appointment expires:



State of Kansas, Sumner County, SS:  
Filed for record on the 27 day of  
August, 2001 A.D. at 8.00  
o'clock PM and recorded in Photo  
Book 574 at page 162  
Fees \$ 8.00  
Geroldine McEachern  
Geroldine McEachern Registrar of Deeds

Return to:

LAW OFFICES OF  
WILSON & BREWER  
P. O. BOX 896  
ARKANSAS CITY, KS 67005-0896

INDEXED  
DIRECT  
INDIRECT  
PHOTO  
COMPARED WITH  
COPY

BOOK 0728 PAGE 0009

RELEASE OF OIL AND GAS LEASE

WHEREAS, on the 21st day of August, 2001, a certain oil and gas mining lease was made and entered into by and between EARL W. HORTON and DONNA M. HORTON, husband and wife, Lessors, and JAED PRODUCTION CO., INC., Lessee, covering the following described land situated in the County of Sumner, and the State of Kansas, to-wit:

The Southeast Quarter of Section 9, and the South 60 acres of the Northeast Quarter of Section 9, Township 35 South, Range 2 East, and containing 220 acres, more or less.

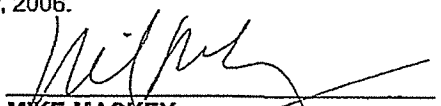
Said lease being recorded on August 27, 2001 in the Office of the Register of Deeds of Sumner County, Kansas in Book 574 at Page 653, and,

WHEREAS, MIKE MACKEY, P O Box 97, Hominy, OK 74035, under the terms of said lease as an assignee, has the right to surrender said lease at any time from the date thereof.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that MIKE MACKEY, for and in consideration of the premises and the exercises of its said right under said lease, does hereby release all its rights under said lease, and that MIKE MACKEY has removed its personal property from said premises, and does hereby surrender possession of the same unto said Lessor, all further rights under said lease, and surrenders said premises and all rights therein to the Lessor, his heirs, assigns and legal representatives, insofar as said lease covers:

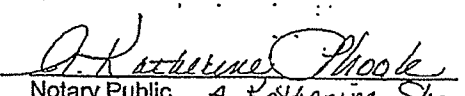
The Southeast Quarter of Section 9, and the South 60 acres of the Northeast Quarter of Section 9, Township 35 South, Range 2 East, and containing 220 acres, more or less.

IN WITNESS WHEREOF, the undersigned lessee, or assignee of the lessee, affixes his hand and seal this 19th day of November, 2006.

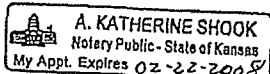
  
MIKE MACKEY


KANSAS  
STATE OF ~~OKLAHOMA~~ )  
COUNTY OF ~~RAY~~ COWLEY ) SS

Subscribed and acknowledged before me by the said MIKE MACKEY, this 19th day of November, 2006.

  
Notary Public A. Katherine Shook

My Commission Expires: 02-22-2008

(Seal)  
  
A. KATHERINE SHOOK  
Notary Public - State of Kansas  
My Appt. Expires 02-22-2008

State of Kansas, Sumner County SS:  
Filed for record on the 20th day of  
November, 2006 A.D. at 2:00  
o'clock P.M. and recorded in photo  
Book 728 at page 009  
fees \$ 8.00  
  
Joyce A. Lowe Register of Deeds.

Return: Robert D. Wilson, P.O. Box 896, Arkansas City, KS 67005

BOOK 0728 PAGE 0009

INDEXED ☒  
DIRECT ☒  
INDIRECT ☒  
PHOTO ☒  
COMPARED WITH ☒  
COPY ☒

BOOK 0745 PAGE 0010

**OIL AND GAS LEASE  
PAID UP**

AGREEMENT, Made and entered into this 13th day of June, 2007, by and between Earl W. Horton and Donna M. Horton, husband and wife, 1875 Greenwich Road, Geuda Springs, KS 67051, Party of the first part, hereinafter called Lessor (whether one or more) and Sandstone Energy Acquisitions Corp., 101 N. Robinson, Suite 910, Oklahoma City, OK 73102, party of the second part, hereinafter called Lessee.

WITNESSETH, That the said Lessor, for and in consideration of Ten and more Dollars (\$10.00), cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipe lines and building tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Sumner, State of Kansas, described as follows, to-wit:

South 60 acres of NE/4, also described as beginning at the SE corner of the NE/4, thence North 60 rods, thence West 160 rods, thence South 60 rods, thence East 160 rods to the point of beginning, and the SE/4

of Section 9, Township 35S, Range 2E, and containing 220 acres more or less.

It is agreed that this lease shall remain in force for a term of three (3) years from date (herein called primary term) and as long thereafter as oil or gas, or either of them, is produced from said land by the Lessee in paying quantities.

In consideration of the premises the said Lessee covenants and agrees:

1<sup>st</sup>. To deliver to the credit of Lessor free of cost, in the pipe line to which it may connect its wells, the 1/8th part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor for gas of whatsoever nature or kind (with all its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom, 1/8th of the gross proceeds received for the gas sold, used off the premises, or in the manufacture of products therefrom, but in no event more than 1/8th of the actual amount received by the Lessee, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease. Lessor shall have the privilege at his risk and expense of using gas from any well, producing gas only, on the leased premises for stoves and inside lights in the principle dwelling thereon out of any surplus gas not needed for operations hereunder.

3<sup>rd</sup>. To pay Lessor for gas produced from any oil well and used off the premises, or for the manufacture of casinghead gasoline or dry commercial gas, 1/8th of the gross proceeds, at the mouth of the well, received by Lessee for the gas during the time such gas shall be used, said payments to be made monthly.

If the Lessee shall commence to drill a well or commence reworking operations on an existing well within the term of this lease or any extension thereof, or on acreage pooled therewith, the Lessee shall have the right to drill such well to completion or complete reworking operations with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for production primarily of oil shall embrace more than 40 acres, or for the production primarily of gas with or without distillate more than 160 acres; provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells of Lessor.

BOOK 0745 PAGE 0010

EXHIBIT 1



When requested by the Lessor, Lessee shall bury his pipe lines below plow depth.  
No well shall be drilled nearer than 200 feet to the house or barn on said premises, without the written consent of the Lessor.

Lessee shall pay for all damages caused by its operations to growing crops on said land.  
Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing within six(6) months after the termination of this lease.

If the estate of either part hereto is assigned, and the privilege of assigning in whole or part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division of ownership of the land or royalties shall enlarge the obligations or diminish the rights of the Lessee. No change in ownership of the land or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. In case Lessee assigns this lease, in whole, or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Rule or Regulation.

This lease shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to the Lessor, or by placing a release of record in the proper County.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof.

IN TESTIMONY WHEREOF, we sign this the 13<sup>th</sup> day of June, 2007.

Earl W. Horton  
Earl W. Horton


Donna M. Horton  
Donna M. Horton

ACKNOWLEDGMENT

Oklahoma  
State of Kansas )  
Oklahoma ) SS  
County of Sumner )

Before me, the undersigned, a Notary Public in and for said County and State on this 13<sup>th</sup> day of June, 2007, personally appeared Earl W. Horton and Donna M. Horton to me known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My commission  


Return to:

\* SANDSTONE ENERGY ACQ. CORP.  
101 N. ROBINSON, SUITE 910  
OKLAHOMA CITY, OK 73102

Joyce A. Lowe  
Notary Public  
State of Kansas, Sumner County SS:  
Filed for record on the 25<sup>th</sup> Day of  
July 2007 A.D. at 8:00  
o'clock PM and recorded in photo  
Book 745 at page 010  
fees \$ 15.00  
Joyce A. Lowe  
Joyce A. Lowe Register of Deeds

Re-Record to correct rate of lease

(CORRECTED LEASE)

OIL AND GAS LEASE

BOOK 0047 PAGE 0269

BOOK 0807 PAGE 0626

HANLYS OKLA. CITY  
Form 88 (Producers) (C)  
Kan., Okla. and Colo. 1970

INDEXED  
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COMPARED WITH  
COPY

Dated: 2010

THIS AGREEMENT, Entered into this the 14th day of June, 2010, between Earl W. Horton and Donna L. Horton, Co-Trustee of the Earl W. Horton & Donna L. Horton Revocable Trust Dated 9/5/2007, of 1875 Greenwich Road, Genda Springs, KS 67051, hereinafter called lessor, and J. R. Sorrels, Jr. of 308 Virginia Ave., Ponca City, Okla. 74601, hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of TEN DOLLARS & NO/100\*\*\*\* Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased and let and by these presents does hereby grant, lease, let and exclusively unto the lessee, the hereinafter described land, and with the right to utilize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, and operating for, producing, and saving all of the oil, gas, casinghead gas, casinghead gasoline and all elements, compounds and mixtures thereof consisting the effluent vapor stream as produced at the mouth of each well drilled hereunder together with the right to inject gas, water, other fluids and air into subsurface strata and to constructing roads, laying pipe, building tanks, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the convenient use of said land alone or jointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein, together with all riparian rights and any accretions or additions thereto which have heretofore occurred or which may hereafter occur, said land being situated in the County of SUMNER, State of KANSAS, and described as follows:

SOUTH 60 acres of the NE 1/4 and the SOUTH EAST 1/4 of SECTION 9, TOWNSHIP-35S-Range-2E, containing 220 acres

More or less.

In Section 9, Township 35S, Range 2E, and containing 220 acres and as long thereafter as oil, gas, casinghead gas, casinghead gasoline, or any of the products mined by this lease is or can be produced from said land, or from land with which said land is pooled, or operations are being continued as hereinafter provided.

2. The lessee shall deliver to lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth royalty the market price for all of like grade and quality prevailing on the day such oil is run into the pipe line or into storage tanks.

3. The lessee shall monthly pay lessor as royalty on gas marketed one-eighth (1/8) of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then one-eighth (1/8) of its market value at the well, which proceeds or market value shall be deemed to be the price paid by purchaser for such gas in either case under any gas sale contract entered into by lessee and approved by such regulatory agency approval thereof covering the full interest in gas produced hereunder, without joinder therein by lessor. The lessee shall pay the lessor: one-eighth (1/8) of the value, at the mouth of the well, computed at the prevailing market price, of the 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 the lessee for purposes other than the development and operation thereof. Where gas from a gas well or wells, on the above-described land or on land with which said land is pooled, is not sold, whether before or after the expiration of the primary term, lessee shall, unless and until this lease be maintained in force and effect under other of its provisions, pay or tender to lessor, or pay or tender or deposit into the depository bank named in paragraph 5 of this lease or any successor thereof in the manner therein provided, as royalty an amount equal to one dollar per net mineral acre covered by this lease in acreage then held under this lease by the party making payment or tender, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days after the date such well is shut-in and thereafter on the anniversary date of this lease. Pending and until the payable date of, and while said royalty is so paid, tendered or deposited, it shall be considered and held under all provisions of this lease, that gas it being produced in paying quantities from the leased premises. For the purpose of this paragraph, the term gas well shall include a well or wells capable of producing natural gas, condensate or any other gaseous substance and wells classified as gas wells by any governmental authority.

4. This is a Paid-Up lease for the full primary term stated in paragraph 2 and there shall be no obligation on lessee to drill a well during such primary term. For purposes of determining shut-in royalty as indicated in paragraph 4, such deposits may be made to the royalty owners' credit in the lessor's option is to be paid direct to the lessor's bank at:

or its successors, which bank and its successors are such royalty owners' agent and shall continue as the depository for any and all sums payable under this lease regardless of changes in ownership in the land or in the oil and gas or in the shut-in royalty to accrue hereunder. It is understood and agreed that the consideration first recited herein, the down payment, covers not only the primary term of this lease but also the lessee's option to extend the lease for an additional term, and the depositing of such check or draft in any post office properly addressed to the lessor, or said bank, on or before the due date, shall be deemed payment as herein provided. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason fail, or refuse to accept a shut-in royalty, lessee shall not be held in default until thirty (30) days after lessee shall deliver to lessor a recordable instrument noting provision for another method of payment or a tender and any depository change. It is a liability of the lessor, if lessee shall on or before any shut-in royalty date, make a bona fide attempt to pay or deposit shut-in royalty to a lessor entitled thereto under this lease according to lessor's records, or to a lessor who prior to such attempted payment or deposit, has given notice, in accordance with the terms of this lease hereinafter set forth, of his right to receive shut-in royalty and if such payment or deposit shall be erroneous in any regard (whether deposited in the wrong depository, paid to persons other than the parties entitled thereto as shown by lessor's records, in an incorrect amount, or otherwise) lessee shall be unconditionally obligated to pay to such lessor the shut-in royalty properly payable for the period involved, but this lease shall be maintained in the same manner as if such erroneous payment or deposit had been properly made, provided that the erroneous payment or deposit is corrected, and the lessor shall not be held liable for any such error accompanied by any documents and other evidence necessary to enable lessee to make proper payment. If during the term of this lease any reversion of interest to lessors should occur then and in that event on the next succeeding shut-in royalty anniversary after lessor shall have notified lessee of the occurrence of such reversion and shall have furnished lessee with satisfactory proof thereof the shut-in royalty shall be increased to cover the additional interest so acquired by lessor. Notwithstanding the death of the lessor or his successors in interest, the payment or tender in the manner above shall be binding on the heirs, devisees, executors, and administrators of such persons.

5. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the local data vicinity of this lease, it is hereby given the right and power to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, or in order to obtain a larger production allowable from any governmental agency having control over such matters, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 160 acres each in the event of an oil well, or into a unit or units not exceeding 80 acres each in the event of a gas well; such pooling may include all oil, gas and other minerals in and under and that may be produced from said premises and may extend to all such production or may be limited to one or more zones or formations. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found in the pooled acreage, it shall be treated as if production had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalty elements herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

6. Should any well drilled on the above described land, or on acreage pooled therewith during the primary term and prior to production being obtained, be a dry hole, or if, after production is obtained, the same should cease from any cause during the primary term and if this lease is not held by other production or by the terms of some other provision hereof, then if a further well is not commenced on said land, or on acreage pooled therewith or reworking operations to restore such production have not been commenced, prior to the end of the primary term, this lease shall terminate as to both parties. If lessee commences operations for drilling on the land above described or on any acreage pooled therewith, at any time while this lease is in force, this lease shall remain in force and its term shall continue as long as such operations are prosecuted whether on the same or different wells with no cessation in said operation of more than ninety (90) days and if production results therefrom, then as long as production continues. Should production from the above described land, or from acreage pooled therewith, cease from any cause after the expiration of the primary term, this lease shall not terminate provided lessee succeeds in bringing back such production within ninety (90) days from such cessation, or within the time specified in the lease, or if production is obtained on the above described land or on any acreage pooled therewith, or if production is obtained on any acreage pooled therewith, and if such production is restored through any such operations this lease shall continue with the like effect as if there had been no cessation thereof.

7. In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, (whether lessor's interest is herein specified or not) then the royalties herein provided for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee.

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land except water from the wells of the lessor for its operations thereon or on lands with which it is pooled, including the pressure, pressure maintenance, cycling and secondary recovery operations. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease, to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to demolish and remove all such structures and facilities, and to place on the leased premises by lessee for operations hereunder and any well or wells on the lease premises drilled or used for the injection of salt water or other fluids may also be used for lessor's operations on other lands in the same area; the right to use such facilities may be continued beyond the term of this lease by payment in advance in the sum of \$100.00 per year.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance, or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full extent claimed, and all advance payments of shut-in royalties made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor.

10. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, descent or otherwise or to furnish separate measuring or receiving tanks. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of the above described land and the holder or owner of any such part or parts shall make default in the payment of the proportionate part of shut-in royalty due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers the part of said land upon which the lessee or any assignee hereof shall make due payment of said shut-in royalty.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, noted, or assessed on or against the above described land and, in event it exercises such option it shall be subrogated to the rights of any holder or holders thereof, and may reimburse itself by applying to the discharge of any such mortgages, tax or other lien, any royalty accruing hereunder.

12. Lessee may, at any time, execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises, as to any or all horizons and hereby surrender this lease as to such portion or portions and be relieved of all obligations as to the portion surrendered.

13. All provisions hereof expressed or implied shall be subject to all Federal and State laws and the orders, rules, and regulations (and interpretations thereof) of all governmental agencies administering the same. Should lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or State law or any order, rule or regulation of governmental authority or by any other cause, then the lessee's obligation to comply with such covenants shall be suspended, and lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

14. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

15. Should any one or more of the parties above named as lessors fail to execute this lease, it shall nevertheless be binding upon all lessors who do execute it.

IN WITNESS WHEREOF, we sign the day and year first above written.

Tax I.D. # 558-34-0223

Earl W. Horton, Co-Trustee.

Donna L. Horton, Co-Trustee.

Tax I.D. # 510-36-7323

Donna L. Horton, Co-Trustee.

BOOK 0847 PAGE 0269

BOOK 0807 PAGE 0626

EXHIBIT 2

STATE OF Kansas BOOK 0847 PAGE 0270 BOOK 0807 PAGE 0627  
COUNTY OF Cowley ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans, Okla. and Colo.)

Before me, the undersigned, a Notary Public, within and for said County and State, on this 1st day of March, 192012, personally appeared Earl W. Horton & Danna L. Horton

to me personally known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires 02-22-2012

A. KATHERINE SHOOK  
Notary Public - State of Kansas  
My Appt. Expires February 22, 2012

Katherine Shook  
Notary Public

STATE OF \_\_\_\_\_ ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans, Okla. and Colo.)  
COUNTY OF \_\_\_\_\_

Before me, the undersigned, a Notary Public, within and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires \_\_\_\_\_

Notary Public

STATE OF \_\_\_\_\_ ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans, Okla. and Colo.)  
COUNTY OF \_\_\_\_\_

Before me, the undersigned, a Notary Public, within and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires \_\_\_\_\_

Notary Public

No. _____	OIL AND GAS LEASE		FROM _____		TO _____		Date _____, 19____		Section _____ Twp _____ Rge _____		No. of Acres _____ Term _____		County _____	
STATE OF <u>Kansas</u> County of <u>Sumner</u> This instrument was filed for record on the <u>16th</u> day of <u>June</u> , 19 <u>2012</u> at <u>11:30</u> o'clock <u>A.</u> M., and duly recorded in Book <u>807</u> Page <u>626</u> of the records of this office. By <u>Jay Adams</u> Register of Deeds. When recorded, return to _____														

NOTE: When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged on regular Kansas acknowledgment. When signature by mark in Oklahoma, said mark to be witnessed by two persons and acknowledged on special acknowledgment form.

STATE OF \_\_\_\_\_ ss. ACKNOWLEDGMENT FOR CORPORATION  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_, who personally appeared and is known to me to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its President, and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires \_\_\_\_\_

State of Kansas, Sumner County SS:  
Filed for record on the 16th Day of June, 2012 A.D. at 2:00 o'clock P. M. and recorded in photo Book 807 at page 626 fees \$ 12.00  
Jay Adams  
Jay Adams Register of Deeds

BOOK 0847 PAGE 0270

Notary Public

BOOK 0807 PAGE 0627 EXHIBIT 2

MANLY'S-OKLA. CITY  
Form 88 (Producers) (CCP)  
Kan., Okla. and Colo. 1970  
INDEXED  
DIRECT  
INDIRECT  
COMPARED WITH  
COPY

# OIL AND GAS LEASE

BOOK 0807 PAGE 0626

THIS AGREEMENT, Entered into this the 14th day of June, 2007, between Earl W. Horton and Donna L. Horton, Co-Trustees of the Earl W. Horton & Donna L. Horton Revocable Trust Dated 9/5/2007, of 1875 Greenwich Road, Genda Springs, KS 67051 hereinafter called lessor, and J. R. Sorrels, Jr., of 808 Virginia Ave. Ponca City, Okla. 74601 hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of TEN DOLLARS & NO/100\*\*\*\* Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased and let and by these presents does hereby grant, lease, and let exclusively unto the lessee, the hereinafter described land, and with the right to utilize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, and operating for, producing, and saving all of the oil, gas, casinghead gas, casinghead gasoline and all elements, compounds and mixtures thereof comprising the effluent vapor stream as produced at the mouth of each well drilled hereunder together with the right to inject gas, water, other fluids and air into subsurface strata and for transporting roads, laying pipe lines, building tanks, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein, together with all riparian rights and any accretions or additions thereto which have heretofore occurred or which may hereafter occur, said land being situated in the County of SUMNER, State of KANSAS and described as follows: SOUTH 60 acres of the NE 1/4 and the SOUTH EAST 1/4 of SECTION 9, TOWNSHIP-35S-Range-2E, containing 220 acres More or less.

In Section 9, Township 35S, Range 2E, and containing 220 acres, more or less.

2. This lease shall remain in force for a term of 2 years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline, or any of the products covered by this lease is or can be produced from said land, or from land with which said land is pooled, or operations are being continued as hereinafter provided.

3. The lessee shall deliver to lessor as royalty, free of cost, on this lease, or into the pipe line to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth royalty the market price for oil of like grade and quality prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall monthly pay lessor as royalty on gas marketed one-eighth (1/8) of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then one-eighth (1/8) of its market value at the well, which proceeds or market value shall be deemed to be the price paid by the purchaser in either case under any gas sale contract entered by lessee and approved by the Federal Power Commission or other regulatory agency having jurisdiction. If such approval is necessary, and lessor hereby authorizes lessee to enter any such contract and obtain any such regulatory agency approval thereof covering the full interest in gas produced hereunder, without further liability by lessor. The lessee shall pay the lessor one-eighth (1/8) of the proceeds, at the mouth of the well, or at the prevailing market price of the casinghead gas and used by lessee off the leased premises, or if sold by lessee off the leased premises for any purpose or used on the leased premises by the lessee for purposes other than the development and operation thereof. Where gas from a gas well or wells, on the above-described land or on land with which said land is pooled, is not sold or used, whether before or after the expiration of the primary term, lessee shall, unless and until this lease be maintained in force and effect under either of its provisions, pay or tender to lessor, or pay or tender or deposit into the depository bank named in paragraph 5 of this lease or any successor thereof in the manner therein provided, as royalty an amount equal to one dollar per net mineral acre covered by this lease in acreage then held under this lease by the party making payment or tender, such payment or tender to be made on or before the anniversary date of this lease then ensuing after the expiration of ninety (90) days from the date such well is shut-in and thereafter on the anniversary date of this lease during the period such well is shut-in. Pending and until the payable date of, and while said royalty is so paid, tendered or deposited, it shall be considered and held under all provisions of this lease, that gas is being produced in paying quantities from the leased premises. For the purpose of this paragraph, the term gas well shall include a well or wells capable of producing natural gas, condensate or any other gas or gas-bearing substance and wells classified as gas wells by any governmental authority.

5. This is a Paid-Up lease for the full primary term stated in paragraph 2 and there shall be no obligation on lessee to drill a well during such primary term. For purposes of depositing shut-in royalty as indicated in paragraph 4, such deposits may be made to the royalty owners' credit in the lessor's option is to be paid direct.

6. Lessee, which bank and its successors are such royalty owners' agent and shall continue as the depository for any and all sums payable under this lease regardless of change in ownership in the land or in the oil and gas or in the shut-in royalty to accrue hereunder. It is understood and agreed that the consideration first recited herein, the down payment, covers not only the primary term of this lease but also the lessee's option of extending that period as aforesaid and any and all other rights conferred on lessee hereunder. All payments or tenders of shut-in royalties may be made by check or draft of lessee or any assignee thereof, and the depositing of such check or draft in any post office properly addressed to the lessor, or said bank, on or before the due date, shall constitute payment as herein provided. If such bank or any successor bank shall fail, liquidate, or be succeeded by another bank, or for any reason fail, or refuse to accept a shut-in royalty, lessee shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recordable instrument making provision for another method of payment or a tender and any depository charge is a liability of the lessor. If lessee shall on or before any shut-in royalty date, make a bona fide attempt to pay or deposit shut-in royalty to a lessor entitled thereto under this lease according to lessee's records, or to a lessor who prior to such attempted payment or deposit, has given lessee notice, in accordance with the terms of this lease hereinafter set forth, of his right to receive shut-in royalty and if such payment or deposit shall be erroneous in any regard (whether deposited in the wrong depository, paid to persons other than the parties entitled thereto as shown by lessee's records, or otherwise) lessee shall be unconditionally obligated to pay to such lessor the shut-in royalty properly payable for the period involved, but this lease shall be maintained in the same manner as if any erroneous payment or deposit had been properly made, provided that the erroneous payment or deposit be corrected within thirty (30) days after receipt by lessee of written notice from such lessor of such error accompanied by any evidence necessary to enable lessee to enable lessee to make a correct payment or deposit. If lessee fails to do so, lessee shall be deemed to have accepted the shut-in royalty and in that event on the next succeeding shut-in royalty anniversary after lessor shall have notified lessee of the occurrence of such reversal and shall have furnished lessee with satisfactory proof thereof the shut-in royalty shall be increased to cover the additional interest so acquired by lessor. Notwithstanding the death of the lessor or his successors in interest, the payment or tender in the manner above shall be binding on the heirs, devisees, executors, and administrators of such persons.

7. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals and under and that may be produced from said premises, or in order to obtain a larger production of oil, gas or other minerals from said premises, or for any other purpose, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 160 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Such pooling may include all oil, gas and other minerals or may be limited to one or more such substances and may extend to all such production or may be limited to one or more zones or formations. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalty or production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

8. Should any well drilled on the above described land, or on acreage pooled therewith during the primary term and prior to production being obtained, be a dry hole, or if, after production is obtained, the same should cease from any cause during the primary term and if this lease is not held by other production or by the terms of some other provision hereof, then if a further well is not commenced on said land, or on acreage pooled therewith or reworking operations to restore such production have not been commenced, prior to the end of the primary term, this lease shall terminate as to both parties. If lessee shall commence operations for drilling on the land above described or on any acreage pooled therewith, at any time while this lease is in force, this lease shall remain in force and its term shall continue as long as such operations are prosecuted, whether or not there is no cessation in said operation of more than ninety (90) days and if production results therefrom, then as long as production continues. Should production from the above described land, or from acreage pooled therewith, cease from any cause after the expiration of the primary term, this lease shall not terminate provided lessee succeeds in bringing back such production within ninety (90) days from such cessation, or within such ninety (90) day period commences drilling another well on the above described land or on land pooled therewith, and prosecutes the drilling thereof with due diligence to completion, and if such production is restored through any such operations this lease shall continue with the like effect as if there had been no cessation thereof.

9. In case said lessor owns a fee interest in the above described land and the entire undivided fee simple estate therein (whether lessor's interest is herein specified or not) then the royalties herein provided for shall be paid the said lessor only to the proportion which his interest bears to the whole and undivided fee.

10. The lessee shall have the right to use, free of cost, gas, oil and water found on said land except water from the wells of the lessor for its operations thereon or on lands unitized therewith including the pressuring, pressure maintenance, cycling and secondary recovery operations. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing, but lessee shall be under no obligation to do so. Any structures and facilities placed on the leased premises by lessee for operations hereunder and any well or wells on the lease premises drilled or used for the injection of salt water or other fluids may also be used for lessee's operations on other lands in the same area; the right to so use such facilities may be continued beyond the term of this lease by payment in advance in the sum of \$100.00 per year.

11. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance, or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor in order to establish the lessor's title and all advance payments of shut-in royalties made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor.

12. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, descent or otherwise or to furnish separate measuring or receiving tanks. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of the above described land and the holder or owner of any such part or parts shall make default in the payment of the proportionate part of shut-in royalty due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers the part of said land upon which the lessee or any assignee hereof shall make due payment of said shut-in royalty.

13. Lessor hereby warrants and agrees to defend the title to the land herein described and agree that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option it shall be subrogated to the rights of any holder or holder thereof and may reimburse itself by apportion to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

14. Lessee may, at any time, execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises, as to any or all horizons and hereby surrender this lease as to such portion or portions and be relieved of all obligations as to the portion surrendered.

15. All provisions hereof expressed or implied shall be subject to all Federal and State laws and the orders, rules, and regulations (and interpretations thereof) of all governmental agencies administering the same. Should lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or State law or any order, rule or regulation of governmental authority or by acts of lessee or lessor's agents, then while so prevented, lessee's obligation to comply with such covenant shall be suspended, and lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

16. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

17. Should any one or more of the parties above named as lessors fail to execute this lease, it shall nevertheless be binding upon all lessors who do execute it.

IN WITNESS WHEREOF, we sign the day and year first above written.

Tax I.D. # 558-34-0223

x Earl W. Horton  
Earl W. Horton, Co-Trustee.

Tax I.D. # 510-36-7323

x Donna L. Horton  
Donna L. Horton, Co-Trustee.

BOOK 0807 PAGE 0626

EXHIBIT 2

Return: Cheyenne, OK Properties, 107 N 4th, Ponca City, OK 74601

STATE OF Kansas } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla. and Colo.)  
COUNTY OF Cowley }  
Before me, the undersigned, a Notary Public, within and for said County and State, on this 1st day of March, 192012, personally appeared Earl W. Horton & Donna L. Horton

to me personally known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires 02-22-2012

A. KATHERINE SHOOK  
Notary Public - State of Kansas  
My Appt. Expires February 22, 2012

Katherine Shook  
Notary Public

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla. and Colo.)  
COUNTY OF \_\_\_\_\_ }

Before me, the undersigned, a Notary Public, within and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires \_\_\_\_\_

Notary Public

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla. and Colo.)  
COUNTY OF \_\_\_\_\_ }

Before me, the undersigned, a Notary Public, within and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires \_\_\_\_\_

Notary Public

No. _____	OIL AND GAS LEASE	
FROM _____		
TO _____		
Date _____	Section _____	Twp _____ Rge _____
No. of Acres _____	Term _____	County _____
STATE OF <u>Kansas</u> } ss. County of <u>Sumner</u> }		
This instrument was filed for record on the <u>16th</u> day of <u>June</u> , 19 <u>2012</u> at <u>11:30</u> o'clock <u>A.</u> M., and duly recorded in Book <u>807</u> Page <u>626</u> of the records of this office.		
By <u>Jay A. Sauer</u> Register of Deeds.		
Fee: <u>12.00</u>		
When recorded, return to _____		

NOTE: When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged on regular Kansas acknowledgment. When signature by mark in Oklahoma, said mark to be witnessed by two persons and acknowledged on special acknowledgment form.

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR CORPORATION  
COUNTY OF \_\_\_\_\_ }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_, who personally appeared and is known to me to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its President, and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires \_\_\_\_\_

Notary Public

INDEXED  
DIRECT  
INDIRECT  
PHOTO  
COMPARED WITH  
COPY

**Bill of Sale  
&  
Assignment**

State of Kansas, Sumner County SS:  
Filed for record on the 16th Day of  
June 2010 A.D. at 11:30  
o'clock PM and recorded in photo  
Book 807 at page 0628  
fees \$ 8.00  
Joyce A. Lowe  
Joyce A. Lowe Register of Deeds

Therefore, It is hereby agreed that Earl W. Horton and Donna L. Horton, Individually and as Co-Trustees of the Earl W. Horton and Donna L. Horton Revocable Trust dated September 5, 2007; hereinafter referred to as assignors. Do hereby agree, that for certain good and valuable consideration in hand, agree to assign to all of their right title and interest in and to the Abandoned well and well bore and well equipment, known as the Horton #2 Well API #15-191-22366 located approximately in the NE NW SE of Section 9-35S-2E Of Sumner County, Kansas. To Cheyenne Oil Properties, hereinafter referred to as assignee, Said Well was drilled and completed by JAED Production in the month of September, 2001. Said well has been deemed abandoned by Assignors and has not produced Oil or Gas Since. Effective date of this assignment shall be February 1<sup>st</sup>, 2010.

X Earl W. Horton  
By: Earl W. Horton, Individually and as  
Co-Trustee  
X Donna L. Horton  
By: Donna L. Horton, Individually and as  
Co-Trustee

STATE OF KANSAS.

COUNTY OF SUMNER.

Be it remembered that on this 1 day of February, 2010, before me, the undersigned, a Notary public, duly commissioned, in and for the County and State aforesaid, came Earl W. Horton and Donna L. Horton, individually, and as Co-Trustees, personally known to be the same person who executed the foregoing instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the date last above written

My Commission Expires 02-22-2012.

By: A. Katherine Shook  
A. Katherine Shook  
Notary Public



Return: Cheyenne Oil Properties, 107 N 4th, Ponca City, OK 74601

ROBERT E. MOSER, R.L.S.

## Oil Field Surveying

335 N. Mission Road • Wichita, Kansas 67206

(316) 683-2853

KMO316973

INVOICE NO.

JAED PRODUCTION CO., INC.

OPERATOR

See Plat Below

NO.

**FARM**

## Summer

15 35s 02e

See Plat Below

**COUNTY**

S T R

**LOCATION**

ELEVATION: See Plat Below

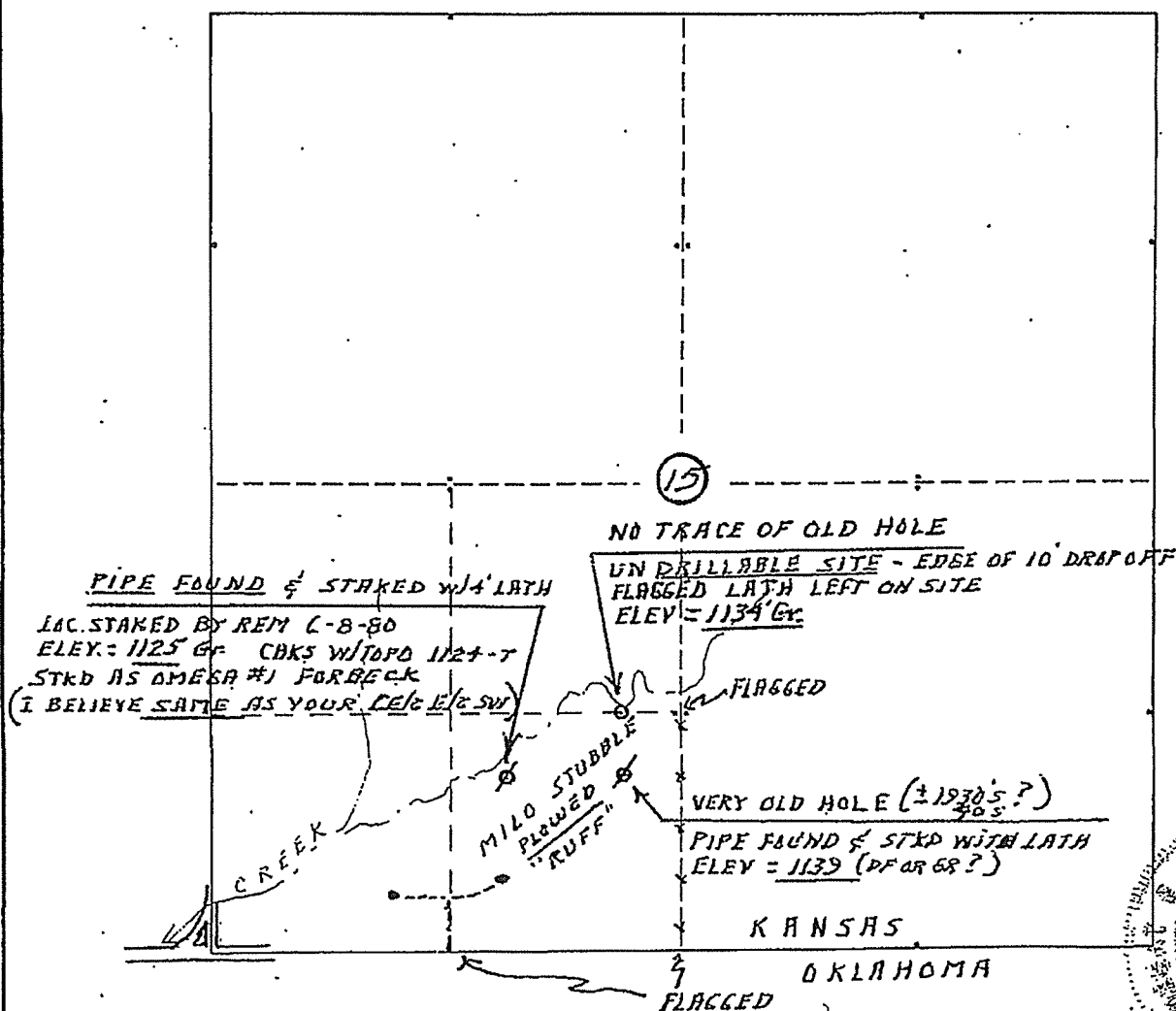
JAED PRODUCTION CO., INC.

P.O. Box 902

Arkansas City, KS 67005

AUTHORIZED BY: Jay Warren (ph 3-14-97)

SCALE: 1" = 1000'



Date: 17 March 1997

Surveyor: R.E. Moser, R.L.S. #329

3

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

REQUEST FOR CHANGE OF OPERATOR  
TRANSFER OF INJECTION OR SURFACE PIT PERMIT

Form 7-1  
April 2004  
Form must be Typed  
Form must be Signed  
All blanks must be Filled

Check Applicable Boxes:

- ☒ Oil Lease: No. of Oil Wells 1 "
- ☐ 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: Murphy

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

Effective Date of Transfer: 9-1-11

KS Dept of Revenue Lease No.: 121252 ✓

Lease Name: Forbeck 'B'

E/2 - SW Sec. 15 Twp 35S R. 2 ☒ E ☐ W

Legal Description of Lease: E/2 SW Sec. 15-T35S-R2E

County: Sumner

Production Zone(s): Cleveland

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 DR

Past Operator's License No. 30253/

Contact Person: James Haver

Past Operator's Name & Address: Cyclone Petroleum, Inc.  
7030-C S. Lewis St., Ste. 541, Tulsa, OK 74136

Phone: (918) 291-3200

Title: President

Date: 10-7-11

Signature: [Signature]

New Operator's License No. 32887 /

Contact Person: Cheryl Prince

New Operator's Name & Address:  
ENDEAVOR ENERGY RESOURCES, L.P.  
110 N. Marienfeld, Ste. 200  
Midland, TX 79701

Phone: 432-687-1575

Oil / Gas Purchaser: Conoco Phillips (oil)  
BP Energy (gas)

Date: Nov 9, 2011

Title: Sole Member

Signature: [Signature]

Astry C. Stephens

**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 pit  
permitted by No.:       

Date:       

Authorized Signature

DISTRICT        EPR 12-9-11 PRODUCTION 12-12-11 UIC 12-12-11  
Mail to Past Operator        New Operator        District       

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

EXHIBIT 4



LEWIS

**Must Be Filed For All Wells**

KDOR Lease No.: 121252 ✓

\* Lease Name: Forbeck 'B' \* Location: E/2 SW Sec. 15-T35S-R2E

[illegible]

*A separate sheet may be attached if necessary*

\* When transferring a unit which consists of more than one lease please file a separate side two for each lease. If a lease covers more than one section please indicate which section each well is located.

EXHIBIT 4

SEP 16 2002

KCC WICHITA

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

REQUEST FOR CHANGE OF OPERATOR  
TRANSFER OF INJECTION OR SURFACE POND PERMIT

Form T-1  
June 2000  
Form must be Typed  
Form must be Signed  
All blanks must be Filled

LOR 102102

Check Applicable Boxes:

- ☒ Oil Lease: No. of Wells 7 **AUG 19 2002**  
☐ Gas Lease: No. of Wells \_\_\_\_\_  
\*\* Side Two Must Be Completed.  
☐ Saltwater Disposal Well - Docket No. D10820

Spot Location: 350 feet from N/S Line  
2310 feet from E/W Line

- ☐ Enhanced Recovery Project Docket No. \_\_\_\_\_  
Entire Project: ☐ Yes ☐ No  
Number of Injection Wells \_\_\_\_\_  
Field Name: \_\_\_\_\_

Effective Date of Transfer: December 15, 2000

Lease Name: Eva-Rosecrans

SE Sec. 17 Twp. 35S R. 2 ☒ E ☐ W

Legal Description of Lease: SE/4 Sec. 17-35S-2E

Sumner, KS

County: Sumner

Production Zone(s): Layton

Injection Zone(s): Stalnaker

Surface Pond Permit # \_\_\_\_\_  
(API # if Drill Pit)

\_\_\_\_\_ feet from N/S Line of Section

\_\_\_\_\_ feet from E/W Line of Section **4B**

Identify: ☐ Emergency Pit ☐ Burn Pit ☐ Storage Pit ☐ Drill Pit

Past Operator's License No. 31642 Exp. 2/28/1998

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

Past Operator's Name & Address: Jerry Sullivan

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

1669 East 150th, Ocala Springs, KS 67051

Date: \_\_\_\_\_

Title: Owner

Signature: Jerry Sullivan

New Operator's License No. 3954 ☒

Contact Person: Jay Warren

New Operator's Name & Address: Jaed Production Co., Inc.

Phone: (620) 442-0826

P.O. Box 902

Oil / Gas Purchaser: Seminole

Arkansas City, KS 67005

Date: 7-17-2002

Title: V.P.

Signature: Jay Warren V.P.

**Acknowledgment of Transfer:** The above request for transfer of injection authorization, surface pond 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 pond permit.

Jaed Production Co., Inc. is acknowledged as the  
new operator and may continue to inject fluids as authorized by  
Docket # D10820. Recommended action: \_\_\_\_\_

\_\_\_\_\_ is acknowledged as the  
new operator of the above named lease containing the surface pond  
permitted by # \_\_\_\_\_

Date: 2-10-03 Ryan Island  
Authorized Signature

Date: \_\_\_\_\_  
Authorized Signature

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

SEP 17 2002 FEB 10 2003 9/02

EXHIBIT 5



KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

REQUEST FOR CHANGE OF OPERATOR  
TRANSFER OF INJECTION OR SURFACE PIT PERMIT

Form KSCOA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,  
MUST be submitted with this form.

Form T-1  
March 2010  
Form must be Typed  
Form must be Signed  
All blanks must be Filled

Check Applicable Boxes:

- ☒ Oil Lease: No. of Oil Wells \_\_\_\_\_ \*\*  
☒ Gas Lease: No. of Gas Wells 1 \*\*  
☐ Gas Gathering System \_\_\_\_\_  
☒ Saltwater Disposal Well - Permit No.: D10820  
 Spot Location: 330 feet from ☐ N / ☒ S Line  
2310 feet from ☒ E / ☐ W Line  
☒ Enhanced Recovery Project Permit No.: E 25452  
 Entire Project: ☐ Yes ☐ No  
 Number of Injection Wells 1 \*\*

Field Name: Murphy

\*\* Side Two Must Be Completed.

Effective Date of Transfer: 10/27/2010

KS Dept of Revenue Lease No.: 224707 KGP

Lease Name: Rosecrans

SW 1/4 W/2SE Sec 17 Twp 35S R 2 ☒ E ☐ W

Legal Description of Lease: SW 1/4 W/2SE Sec. 17-T35S-R2E

County: Sumner

Production Zone(s): Laveon

Injection Zone(s): Stalaker

Surface Pit Permit No.: \_\_\_\_\_

(API No. if DHS PR, 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

Post Operator's License No. 3954

Contact Person: Ed Broyles

Post Operator's Name & Address: Jaed Production Co., Inc.

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

Title: Edward J. Broyles

Date: \_\_\_\_\_

Signature: Edward J. Broyles

New Operator's License No. 33556

Contact Person: Darren Broyles

New Operator's Name & Address: Drake Exploration, L.L.C.

Phone: (620) 441-7223

6535 12th Road, Douglas, KS 67039

Oil / Gas Purchaser: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: Darren Broyles

Title: \_\_\_\_\_

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.

Drake Exploration, LLC is acknowledged as

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

Permit No.: D-10820 . Recommended action: \_\_\_\_\_

U3C Violation 2007-2009

Date: 11-16-10 Cheryl L. Broyles

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 11-16-10 PRODUCTION 11-16-10 UIC 11-16-10  
 Mail to: Post Operator 11-16-10 Now Operator 11-16-10 District 2 11-16-10

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form T-1  
March 2010  
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 1  
☐ Gas Gathering System: \_\_\_\_\_  
☒ Saltwater Disposal Well - Permit No.: D10820  
Spot Location: 330 feet from ☐ N / ☒ S Line  
2310 feet from ☒ E / ☐ W Line  
☒ Enhanced Recovery Project Permit No.: E 25452  
Entire Project: ☐ Yes ☐ No  
Number of Injection Wells 1

Field Name: Murphy

\*\* Side Two Must Be Completed.

Effective Date of Transfer: 10/27/2009  
KS Dept of Revenue Lease No.: 224707  
Lease Name: Rosecrans  
SW 1/4 Sec. 17 Twp. 35S R. 2 ☒ E ☐ W  
Legal Description of Lease: SW 1/4 Sec. 17-T35S-R2E  
County: Sumner  
Production Zone(s): Layton  
Injection Zone(s): Stalaker

102709\_Rosecrans\_Sec 17\_INT.pdf

Surface Pit Permit No.: \_\_\_\_\_  
(API No. if Drilling 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 OK

Past Operator's License No. 3954  
Past Operator's Name & Address: Jand Production Co., Inc.

Contact Person: Ed Broyles  
Phone: \_\_\_\_\_

Title: Edward J. Broyles

Date: \_\_\_\_\_  
Signature: Edward J. Broyles

New Operator's License No. 33556  
New Operator's Name & Address: Drake Exploration, L.L.C.  
6535 12th Road, Douglas, KS 67039

Contact Person: Darren Broyles  
Phone: (620) 441-7223

Title: \_\_\_\_\_

Date: \_\_\_\_\_  
Signature: Darren Broyles

RECEIVED  
NOV-10-2010  
KCC WICHITA

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.

Drake Exploration LLC is acknowledged as  
the new operator and may continue to inject fluids as authorized by  
Permit No.: E-25,452 Recommended action: \_\_\_\_\_  
U3C Violation 2007-2009  
Date: 11-16-10 Cheryl H. Beyer  
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 11-16-10 PRODUCTION 11-16-10 UIC 11-16-10  
Mail to: Past Operator 11-16-10 New Operator 11-16-10 District (2) 11-16-10

## Slide Two

**Must Be Filed For All Wells**

KOOR Logo No.: 226707

\* Legal Name: ROBACZANSKI

- Location: SW & W/2SE Sec. 17-T35S-R2E

[illegible]

**A separate sheet may be attached if necessary**

\* When transferring a unit which consists of more than one lease please file a separate slide two for each lease. If a lease covers more than one section

01-05-2004 19:43 BROYLES 16209865583

EXHIBIT 5

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

REQUEST FOR CHANGE OF OPERATOR  
TRANSFER OF INJECTION OR SURFACE PIT PERMIT

Form T-1  
April 2004  
Form must be Typed  
Form must be Signed  
All blanks must be Filled

Check Applicable Boxes:

☒ Oil Lease: No. of Oil Wells 1 \*\*  
☒ Gas Lease: No. of Gas Wells 1 \*\*  
☐ Gas Gathering System: \_\_\_\_\_  
☒ Saltwater Disposal Well - Permit No.: D 10820  
Spot Location: 330 feet from ☐ N / ☒ S Line  
1650 feet from ☒ E / ☐ W Line  
☐ Enhanced Recovery Project Permit No.: E 25452  
Entire Project: ☐ Yes ☐ No  
Number of Injection Wells 1 \*\*

Field Name: Murphy

\*\* Side Two Must Be Completed.

Effective Date of Transfer: 10/27/2009  
KS Dept of Revenue Lease No.: 224707 102102  
Lease Name: Rosecrans  
SW & W/2SE Sec. 17 Twp. 35S R. 2 ☒ E ☐ W  
Legal Description of Lease: SW & W/2SE Sec. 17-T35S-R2E  
County: Sumner  
Production Zone(s): Layton  
Injection Zone(s): Stalnaker

Surface Pit Permit No.: \_\_\_\_\_  
(API No. if Drill Pit, WO or Haul)

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

Past Operator's License No. 33556  
Past Operator's Name & Address: Drake Exploration, L.L.C.  
6535 12th Road, Douglass, KS 67039  
Title: Member

Contact Person: Darren Broyles  
Phone: (620) 441-7223  
Date: 10/27/09  
Signature: [Signature]

New Operator's License No. 30253  
New Operator's Name & Address: Cyclone Petroleum, Inc.  
7030-C S. Lewis St., Ste. 541, Tulsa,  
OK 74136  
Title: President

Contact Person: James Haver  
Phone: (918) 291-3200  
Oil / Gas Purchaser: \_\_\_\_\_  
Date: 10-27-09  
Signature: [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.

Cyclone Petroleum, Inc is acknowledged as the  
new operator and may continue to inject fluids as authorized by  
Permit No.: D-10,820 Recommended action: \_\_\_\_\_  
U3C Violation 2005-2009  
Date: 11-16-10 Cheryl [Signature]  
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 11-1570 PRODUCTION 11-16-10 UIC 11-16-10  
Mail to: Past Operator 11-16-10 New Operator 11-16-10 District (2) 11-16-10

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

EXHIBIT 5

***Must Be Filed For All Wells***

\* Lease Name: Rosecrans \* Location: SW & W/2SE Sec. 17-T35S-R2E

RECEIVED  
OCT 30 2009  
KCC WICHITA

\* 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.

EXHIBIT 5



KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
REQUEST FOR CHANGE OF OPERATOR  
TRANSFER OF INJECTION OR SURFACE PIT PERMIT

Form T-1  
April 2004  
Form must be Typed  
Form must be Signed  
All blanks must be Filled

Check Applicable Boxes:

☒ Oil Lease No. of Oil Wells 1  
☒ Gas Lease: No. of Gas Wells 1  
☐ Gas Gathering System:  
☒ Saltwater Disposal Well - Permit No. D10820  
Spot Location: 330 feet from ☐ N / ☒ S Line  
1650 feet from ☒ E / ☐ W Line  
☐ Enhanced Recovery Project Permit No. E25452  
Entire Project: ☐ Yes ☐ No  
Number of Injection Wells 1

Field Name: Murphy

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

Effective Date of Transfer 9-1-11

KS Dept of Revenue Lease No.: 224707

Lease Name: Rosecrans

W/2 SE Sec 17 Twp 35S R 2 ☒ E ☐ W

Legal Description of Lease: W/2 SE Sec. 17-T35S-R2E

County: Sumner

Production Zone(s): Layton

Injection Zone(s): Stalnaker

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 OR

Past Operator's License No. 30253 /

Contact Person: James Haver

Past Operator's Name & Address: Cyclone Petroleum, Inc.  
7030-C S. Lewis St., Ste. 541, Tulsa, OK 74136

Phone: (918) 291-3200

Title: President

Date: 10-7-11

Signature: [Signature]

New Operator's License No. 32887 /

Contact Person: Cheryl Prince

New Operator's Name & Address:  
Endeavor Energy Resources, L.P.  
110 N. Marienfeld, Ste. 200  
Midland, TX 79701

Phone: 432-687-1575

Oil / Gas Purchaser: Conoco Phillips (oil)  
BP Energy (gas)

Date: 11/2/2011

Title: Sole Member

Signature: [Signature]

Autry C. Stephens

**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.

Endeavor Energy Resources LP is acknowledged as the new operator and may continue to inject fluids as authorized by Permit No.: D-10,820 Recommended action: Relativ  
Need USC for 2007-2010  
Date 12-9-11 Cheryl Prince  
Authorized Signature

\_\_\_\_\_ is acknowledged as the new operator of the above named lease containing the surface pit permitted by No.: \_\_\_\_\_

Date: \_\_\_\_\_

Authorized Signature

DISTRICT \_\_\_\_\_ EPP 12-8-11 PRODUCTION 12-14-11 UIC 12-9-11  
Mail to: Past Operator 12-9-11 New Operator 12-9-11 District 2

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

EXHIBIT 5

