



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

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

Check Applicable Boxes:

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

Field Name: \_\_\_\_\_

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

Effective Date of Transfer: \_\_\_\_\_

KS Dept of Revenue Lease No.: \_\_\_\_\_

Lease Name: \_\_\_\_\_

\_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ R. \_\_\_\_\_  E  W  
Legal Description of Lease:

County: \_\_\_\_\_

Production Zone(s): \_\_\_\_\_

Injection Zone(s): \_\_\_\_\_

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

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

\_\_\_\_\_ feet from  E /  W Line of Section

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Permit No.: \_\_\_\_\_ . Recommended action: \_\_\_\_\_

permitted by No.: \_\_\_\_\_ .

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

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

DISTRICT _____	EPR _____	PRODUCTION _____	UIC _____
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### CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

*This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.*

Select the corresponding form being filed:  C-1 (Intent)  CB-1 (Cathodic Protection Borehole Intent)  T-1 (Transfer)  CP-1 (Plugging Application)

OPERATOR: License # \_\_\_\_\_  
Name: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: ( \_\_\_\_\_ ) \_\_\_\_\_ Fax: ( \_\_\_\_\_ ) \_\_\_\_\_  
Email Address: \_\_\_\_\_

Well Location:  
\_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Sec. \_\_\_\_ Twp. \_\_\_\_ S. R. \_\_\_\_  East  West  
County: \_\_\_\_\_  
Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

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

**Surface Owner Information:**

Name: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

*When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.*

*If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.*

**Select one of the following:**

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

*If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.*

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: \_\_\_\_\_ Signature of Operator or Agent: \_\_\_\_\_ Title: \_\_\_\_\_

Document  
①

# OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 29th day of March 20 12  
between Clark E. Sanders and Amy S. Sanders, husband and wife,  
999 Road 14  
Sedan, KS 67361 hereinafter called Lessor,

and Nemaha Oil and Gas, LLC, 15 East 5<sup>th</sup> Street, Suite 2665, Tulsa, OK 74103 hereinafter called Lessee, does witness  
Ten and more (+\$10.00) Dollars in hand paid and of the covenants

1. That Lessor, for and in consideration of the sum of Ten and more (+\$10.00) 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, with any reversionary rights therein, and with the right to unitize 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 thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save; take care and other structures of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Chautauqua State of Kansas and described as follows:

Township 33 South, Range 10 East and Township 34 South, Range 10 East  
Section 35: S/2SE/4 Section 1: N/2SW/4 and SW/4SW/4  
Section 2: N/2N/2NE/4

containing 240 acres, more or less.

2. This lease shall remain in force for a term of three (3) years (called "primary term") 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.

3. 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 at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The Lessee shall pay to the Lessor, as a royalty, one-eighth (1/8th) of the proceeds received by the Lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the Lessee, Lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut-in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.

5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.

6. In the event 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 for shall be paid to Lessor only in the proportion which his interest bears to the whole and undivided fee; however, in the event the title to any interest in said land should revert to Lessor, or his heirs, or his or their grantees, this lease shall cover such reversion.

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

8. 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 or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee, and no change of ownership in the land or 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, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof appointment of an administrator for the estate of any deceased owner, whichever is appropriate, and all advance payments of rentals made hereunder before receipt of said documents shall be binding necessary in showing a complete chain of title back to Lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of Lessor.

9. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. 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 now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate measuring or receiving tanks.

10. 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, levied, or assessed on or against the above described lands and, in event it exercises such options 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 mortgage, tax or other lien, any royalty accruing hereunder.

11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within one hundred twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation or more than one hundred twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.

12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the Lessor, or by placing same of record in the proper county in case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the Lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If Lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, the primary term of this lease shall continue until six months after said order is suspended.

14. Lessor and Lessee hereby agree that Lessee shall have the option to extend the primary term of this lease for an additional three (3) years from the expiration of the primary term of this lease, by tendering to Lessor a payment equal to the same per acre paid to Lessor under the original terms of this lease (less the net acre actually owned by Lessor and Lessors successors (if any) on the date the option is exercised. Payment shall be deemed made upon Lessee's tendering of such payment by certified mail to Lessor at Lessors address shown on this lease or before the expiration of the primary term hereof. Nothing contained herein nor any separate implied agreement between parties shall serve to bind Lessee to exercise this option and it shall be at Lessee's sole discretion to do so.

15. If at any time within the primary term of this lease and while the same remains in force and effect, Lessor receives any bona fide offer, acceptable to Lessor, to grant additional lease (top lease) covering all or part of the above described lands, Lessee shall have the continuing option by meeting any such offer to acquire such top lease. Any offer must be in writing, and must set forth the proposed lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized which form should reflect all pertinent and relevant terms and conditions of the top lease. Lessee shall have fifteen (15) days after receipt via certified mail, from Lessor, of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor, based on that certain proposed lessee's bona fide offer.

16. Lessor and Lessee expressly agree, that 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 advisable to do so in order to properly develop the acreage covered by this lease with other lands by virtue of the development of directional or horizontal boreholes on such properties so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such combination to be in a unit or units not exceeding 640 acres in the event of either an oil or gas well. Lessee shall execute in writing and record in the records of the county in which the acreage herein leased is situated an instrument identifying the acreage that has been so combined or unitized. The entire acreage so combined into a unit shall be treated for all purposes as if such lands were included in this lease. If production is found on the unitized acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. Lessor shall receive on production from a unit so formed only such portion of the royalty stipulated herein as the amount of his or her acreage placed in the unit for his or her royalty interest therein on an acreage basis bears to the total acreage in the unit.

17. Lessor and Lessee expressly agree, notwithstanding any other provisions of this lease, that during any period, whether before or after the primary term hereof, if a well on the unitized acreage is shut-in and dewatering operations are being conducted, this lease and the unitized acreage including this lease shall be perpetuated by payment of shut-in royalties as previously specified herein. If such payment or tender of payment is made by Lessee it will be deemed that oil and/or gas is being produced within the meaning of the lease upon the unitized acreage.

18. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and Lessee.

See EXHIBIT "A" attached hereto and made a part hereof.

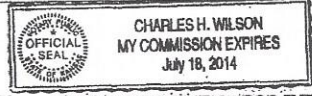
IN WITNESS WHEREOF, we sign the day and year first above written.  
Clark E. Sanders Amy S. Sanders  
Clark E. Sanders Amy S. Sanders

1

STATE OF Kansas ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)  
COUNTY OF Chautauqua  
The foregoing instrument was acknowledged before me this 29th day of March 2012  
by Clark E. Sanders and  
Amy S. Sanders, husband and wife.

My commission expires July 18, 2014

*Charles H. Wilson*  
Notary Public



Charles H. Wilson  
Notary Public

STATE OF \_\_\_\_\_ ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)  
COUNTY OF \_\_\_\_\_  
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_  
by \_\_\_\_\_ and \_\_\_\_\_

My commission expires \_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)  
COUNTY OF \_\_\_\_\_  
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_  
by \_\_\_\_\_ and \_\_\_\_\_

My commission expires \_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)  
COUNTY OF \_\_\_\_\_  
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_  
by \_\_\_\_\_ and \_\_\_\_\_

My commission expires \_\_\_\_\_  
Notary Public

No. \_\_\_\_\_  
OIL AND GAS LEASE

FROM

STATE OF KANSAS }  
Chautauqua County } ss \$16.00 ✓  
This instrument was filed for  
record this 1 day of May  
2012 at 10:05 o'clock AM and  
duly recorded in book 159  
of records on page 452

*Amy S. Sanders*  
REGISTER OF DEEDS

TO \_\_\_\_\_

\_\_\_\_\_ the \_\_\_\_\_ recorded \_\_\_\_\_ of \_\_\_\_\_  
day of \_\_\_\_\_ at \_\_\_\_\_ in Book \_\_\_\_\_ Page \_\_\_\_\_ of \_\_\_\_\_  
the records of this office.

By \_\_\_\_\_ Register of Deeds.  
When recorded, return to \_\_\_\_\_

STATE OF \_\_\_\_\_ ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)  
COUNTY OF \_\_\_\_\_  
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_  
by \_\_\_\_\_ a \_\_\_\_\_  
of \_\_\_\_\_  
corporation, on behalf of the corporation.  
My commission expires \_\_\_\_\_  
Notary Public

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### EXHIBIT "A"

Attached hereto and made part of that certain Oil and Gas Lease by and between Clark E. Sanders and Amy S Sanders, husband and wife, as Lessor, and Nemaha Oil and Gas, LLC, as Lessee, covering lands in Chautauqua County, State of Kansas.

The following provisions are part of this Oil and Gas Lease and if there be conflict between these provisions and any of the foregoing provisions, then the following provisions shall apply and take precedence:

#### USE OF SURFACE:


- (A) Lessee shall be liable and agrees to pay for all damages caused by its operations to the leased premises, including without limitation, damage to all personal property, improvements, livestock, crops, grasses and trees on the leased premises. In the event Lessee uses existing roads of surface owner, Lessee shall maintain such roads in a rocked, rut free condition. Upon Lessor's request, Lessee shall fence the well site to exclude livestock. Lessee agrees to pay for the first well location and access road as damages for all surface areas physically contacted by Lessee's operations on the leased premises at a price to be negotiated, payable to the surface owner prior to spudding the first well.
- (B) All pipelines shall be buried and maintained below three feet of depth so farming and ranching operations, including irrigation, terracing and subsoil tillage, may be safely performed.
- (C) In the event of production, within one-hundred eighty (180) days after the date of first production, Lessee shall reduce the producing well site to as small an area as is reasonably possible for prudent operations and shall restore the balance of the prior location to its condition prior to Lessee's entry on the property, including the removal of equipment, concrete (except the dead men, which shall be flagged) and rock, the replacement of top soil, and re-establishing native grass.
- (D) Lessee shall consult with surface owner upon the placement of any tanks, pipelines, and lease roads and cattle guards necessitated by its operations on the property, and shall utilize its best efforts to minimize interference with surface owner's farming and ranching operations, which use shall not conflict with the purposes of this lease.
- (E) Cattle guards a minimum of 20 feet wide and of adequate strength with steel gates will be constructed at all places where lease roads enter the property or go through existing fences. After completion, Lessee shall use its best efforts to keep gates padlocked at all times, except when opened for passage of traffic. Said cattle guards and gates shall become the property of surface owner upon expiration of the lease. Existing fences shall be H-Braced before cutting to install gates.
- (F) No well shall be located closer than 400 feet to existing dwellings, barns and outbuildings on the leased premises.
- (G) Lessee may not use fresh water obtained from or under the leased premises without the express written consent of the surface owner. Said water to be purchased by Lessee at a price to be negotiated between the Lessee and the Surface Owner.
- (H) Lessee shall plug any well drilled on the leased premises within six (6) months after abandonment, and shall return the well site and road site to its original condition as nearly as practicable, including the removal of concrete pads and large rocks, the replacement of top soil, and re-establishing native grass.
- (I) It is understood and agreed that wherever the words one-eighth ( $1/8^{\text{th}}$ ) appears in this lease it shall read three-sixteenths ( $3/16^{\text{ths}}$ ) in every case.

The Lessor does not warrant nor agree to defend title to the leased premises.

INDEMNIFICATION: Lessee agrees to indemnify Lessor against all claims, suits, costs, losses, and expenses that may in any manner result from or arise out of the operations conducted pursuant to this instrument.

Signed For Identification:

  
Clark E. Sanders, Lessor

  
Amy S. Sanders, Lessor

STATE OF KANSAS }  
Chautauqua County } ss \$108.00  
This instrument was filed for  
record this 22 day of Aug.  
2014 at 9:40 o'clock AM and  
duly recorded in book 170  
of records on page 456

*Lana C. Beala*  
REGISTER OF DEEDS

ASSIGNMENT OF OIL AND GAS LEASES

STATE OF KANSAS }  
COUNTY OF CHAUTAUQUA } KNOW ALL MEN BY THESE PRESENTS THAT:

Document  
②

Nemaha Oil and Gas, LLC, a Delaware limited liability company ("Assignor"), for and in consideration of ONE HUNDRED DOLLARS (\$100.00) and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby assign, transfer, grant and convey unto

SM Oil & Gas, Inc., an Oklahoma corporation  
P.O. Box 189  
Skiatook, Oklahoma 74070

("Assignee"), all of Assignor's right, title and interest in and to the following (collectively, the "Assets"):

- a. the oil and gas leases described on Exhibit A (the "Lease" or "Leases"), together with the lands covered thereby; and
- b. all files, records and data relating solely to the Leases maintained by Assignor including, without limitation, the following, if and to the extent that such files exist: all books, records, reports, manuals, files, title documents, including correspondence, records of production and maintenance, revenue, sales, expenses, warranties, lease files, land files, abstracts, title opinions, assignments, reports, property records, contract files, copies of tax and accounting records (but excluding Federal and state income tax returns and records) and files.

**Assumption of Liabilities.** Assignee shall assume and shall fulfill, perform, pay and discharge (or cause to be fulfilled, performed, paid or discharged) all of the obligations and liabilities of Assignor, known or unknown, arising from, based upon or associated with the Assets, whether such obligations or liabilities arose or which arise prior to or on or after the Effective Time, including all obligations and liabilities relating in any manner to (x) the use, ownership or operation of the Assets and (y) the environmental condition of the Assets, whether such condition existed before, on or after the Effective Time, including the clean-up, restoration and remediation of such Assets in accordance with applicable laws, including all environmental laws. (collectively, the "Assumed Obligations").

**Representation regarding Liabilities.** Assignor represents and warrants that, as of the Effective Time, to the actual knowledge of the officers of Assignor and except as set forth in the Leases, there are no obligations or liabilities associated with the Leases.

**Indemnity.** Assignee shall indemnify, defend and hold harmless Assignor, its affiliates and their respective directors, officers, employees, agents and representatives, REGARDLESS OF FAULT, from and against any and all claims, liabilities, losses, costs and expenses (including court costs and reasonable attorneys' fees) that are attributable to the Assumed Obligations.

**Disclaimer.** ASSIGNEE ACKNOWLEDGES THAT ASSIGNOR HAS NOT MADE, AND ASSIGNEE HEREBY EXPRESSLY DISCLAIMS AND NEGATES, AND ASSIGNEE HEREBY EXPRESSLY WAIVES, ANY REPRESENTATION OR WARRANTY REGARDING THE ASSETS, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE OR OTHERWISE, INCLUDING (WITHOUT LIMITATION) ANY REPRESENTATION OR WARRANTY RELATING TO (A) PRODUCTION RATES, RECOMPLETION OPPORTUNITIES, SECONDARY OR TERTIARY RECOVERY OPPORTUNITIES, DECLINE RATES, OR THE QUALITY, QUANTITY OR VOLUME OF THE RESERVES OF HYDROCARBONS, IF ANY, ATTRIBUTABLE TO THE ASSETS, (B) THE ACCURACY, COMPLETENESS OR MATERIALITY OR SIGNIFICANCE OF ANY INFORMATION, DATA, GEOLOGICAL OR GEOPHYSICAL DATA (INCLUDING ANY INTERPRETATIONS OR DERIVATIVES BASED THEREON) OR OTHER MATERIALS (WRITTEN OR ORAL) CONSTITUTING PART OF THE ASSETS, NOW, HERETOFORE OR HEREAFTER FURNISHED TO ASSIGNEE BY OR ON BEHALF OF ASSIGNOR, (C) THE CONDITION, INCLUDING, THE ENVIRONMENTAL CONDITION OF THE ASSETS, (D) THE COMPLIANCE OF ASSIGNOR'S PAST PRACTICES WITH THE TERMS AND PROVISIONS OF ANY LEASE, AND (E) ASSIGNOR'S TITLE TO THE ASSETS.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS ASSIGNMENT OF OIL AND GAS LEASES, ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES AND ASSIGNEE HEREBY WAIVES, AS TO ALL OF THE ASSETS (I) ANY IMPLIED OR EXPRESS





Document

(3)

STATE OF KANSAS }  
Chautauqua County } ss \$20.00  
This instrument was filed for  
record this 10 day of July,  
2015 at 1:30 o'clock PM and  
duly recorded in book 173  
of records on page 207

*Anna C Reason*  
REGISTER OF DEEDS  
*Melody Rodriguez*  
Deputy

## ASSIGNMENT OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS:

That SM Oil and Gas, Inc., whose address is P.O. Box 189, Skiatook, Oklahoma 74070, hereinafter called Assignor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby assign, transfer, sell and convey unto:

C5 Energy, LLC  
P.O. Box 725  
Collinsville, OK 74021

Calgary Energy, LLC  
P.O. Box 737  
Collinsville, OK 74021

hereinafter called Assignees a 50% Working Interest (25% to C5 Energy, LLC and 25% to Calgary Energy, LLC), in and to the following described oil and gas lease, to wit:

LESSOR: Clark E. Sanders and Amy S. Sanders,  
          husband and wife  
LESSEE: Nemaha Oil and Gas, LLC  
DATE: March 29, 2012  
RECORDED: Book 159, Page 452  
PROPERTY: T33S, R10E, Chautauqua County, Kansas  
          ✓ Section 35: -S/2 SE/4  
          T34S, R10E, Chautauqua County, Kansas  
          ✓ Section 1: -N/2 SW/4 and SW/4 SW/4  
          ✓ Section 2: -N/2 N/2 NE/4

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

For the same consideration, the Assignor covenants with the Assignee, its heirs, successors, legal representatives or assigns that the Assignor is the lawful owner of and has good title to the interest herein 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 that all rentals and royalties due thereunder have been paid, and all conditions necessary to keep said Lease in full force and effect

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have been duly performed, and that the Assignor will warrant and forever defend same against all persons whomsoever, lawfully claiming or to claim said interest.

EXECUTED this 6<sup>th</sup> day of July, 2015, but hereby made effective as of December 1, 2014.

ATTEST/WITNESS:

ASSIGNOR:

SM Oil and Gas, Inc., an Oklahoma corporation

[Signature]

By: [Signature]  
Stanley J. Miller, President

STATE OF OKLAHOMA )  
                                  ) SS:  
COUNTY OF TULSA )

This instrument was acknowledged before me on July 6<sup>th</sup>, 2015, by Stanley J. Miller, President of SM Oil and Gas, Inc., an Oklahoma corporation.



My Appointment Expires: \_\_\_\_\_

[Signature]  
NOTARY PUBLIC

Document

(4)

STATE OF KANSAS }  
Chautauqua County } ss \$46.00  
This instrument was filed for  
record this 19 day of Sept.  
2017 at 10:00 o'clock AM and  
duly recorded in book 179  
of records on page 564

*Laura C. Blum*  
REGISTER OF DEEDS

**OIL AND GAS LEASE**

AGREEMENT, Made and entered into the 1st day of April, 2017, by and between **Clark E. Sanders and Amy S. Sanders, husband and wife** whose mailing address is 999 Road 14, Sedan, Kansas 67361, hereinafter called Lessor, and **SM Oil & Gas, Inc.**, hereinafter called Lessee:

WITNESSETH: That the said Lessor, for and in consideration of TEN DOLLARS (\$10.00), cash in hand paid, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on 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 and gas, and of laying of pipe lines, and of building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Chautauqua, State of Kansas, described as follows, to-wit:

Township 33 South, Range 10 East  
Section 35: S/2 SE/4

And

Township 34 South, Range 10 East  
Section 1: N/2 SW/4 and SW/4 SW/4  
Section 2: N/2 N/2 NE/4

Subject to the provisions herein contained, this lease shall remain in force for a term of one (1) year(s) from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other constituent products, or any of them, is produced from said land or land with which said land is pooled.

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

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

2nd. To pay Lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, three-sixteenths (3/16ths), at the market price at the well (but, as to gas sold by Lessee, in no event more than three-sixteenths (3/16ths) of the proceeds received by Lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, Lessee may pay or tender as royalty One Dollar (1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

(4)

This lease may be maintained during the primary term hereof without further payment or drilling operations. 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 like effect as if such well had been completed within the term of years first mentioned.

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 for shall be paid the said Lessor only in the proportion which Lessor's 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 Lessee's operation thereon, except water from the wells of Lessor.

When requested by Lessor, Lessee shall bury Lessee's pipe lines below plow depth.

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

Lessee shall pay for damages caused by Lessee's 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 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 their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals 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.

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 and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

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 in damages, 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.

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 or payment by Lessor, and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

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 in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 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. 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 on the pooled acreage, it shall be treated as if production is 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.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

Clark E Sanders  
Clark E. Sanders

Amy S Sanders  
Amy S. Sanders

STATE OF KANSAS )  
 ) SS:  
COUNTY OF CHAUTAUQUA )

BE IT REMEMBERED that on this 30 day of <sup>June</sup>~~April~~, 2017, before me, a Notary Public in and for the County and State aforesaid, came **Clark E. Sanders and Amy S. Sanders**, who is personally known to me to be the same persons who executed the within instrument of writing and such person duly acknowledged the execution of the same to be her free act and deed.

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

Joni Beeson  
NOTARY PUBLIC

My Appointment Expires:  
3-1-2020

