

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1
July 2014

Form must be Typed
Form must be Signed
All blanks must be Filled

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

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

Check Applicable Boxes:

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

Field Name: _____

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

Effective Date of Transfer: _____

KS Dept of Revenue Lease No.: _____

Lease Name: _____

_____ Sec. _____ Twp. _____ R. _____ E W

Legal Description of Lease: _____

County: _____

Production Zone(s): _____

Injection Zone(s): _____

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

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

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

Past Operator's License No. _____

Contact Person: _____

Past Operator's Name & Address: _____

Phone: _____

Title: _____

Signature: _____

New Operator's License No. _____

Contact Person: _____

New Operator's Name & Address: _____

Phone: _____

Title: _____

Signature: _____

Oil / Gas Purchaser: _____

Date: _____

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

_____ is acknowledged as
the new operator and may continue to inject fluids as authorized by
Permit No.: _____ . Recommended action: _____

Date: _____
Authorized Signature

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

Date: _____
Authorized Signature

DISTRICT _____ EPR _____ PRODUCTION _____ UIC _____

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Form KSONA-1

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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: _____

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OIL AND GAS LEASE

WABAUNSEE COUNTY KANSAS
FILED FOR RECORD THIS DAY

FEB 12 2018



at 1:35 o'clock P.M. and recorded in
Record 230 Page 171
Marilyn Merritt, Reg. of Deeds
Fee: \$89.00

AGREEMENT, made the 23rd day of January, 2018 by

George A. Hund and Marcia E. Hund, husband and wife
22983 Grapevine Rd., Paxico, KS 66526

hereinafter called Lessor, and

Tufte Enterprises, LLC
7531 US 59 Hwy, Oskaloosa, KS 66066

hereinafter called Lessee:

1. **Grant:** Lessor, in consideration of the payment of \$10.00 and of the covenants herein contained to be performed by Lessee, does hereby grant, lease and let exclusively to Lessee the land described below for the purpose of conducting geological, geophysical and other exploratory work and drilling and operating for, producing, saving and marketing oil and gas, constructing roads, laying pipe lines, building tanks, electric lines and other structures thereon necessary for the economical operation of said land to produce, save and market such substances. This lease covers only oil, natural gas, casinghead gas, condensate and distillate, together with all other liquid or gaseous substances produced in association therewith. This lease does not cover coal, lignite, uranium or other fissionable material and does not include any substance which can be removed or extracted through the use of any method which will consume or deplete the surface estate of the leased premises. This lease does not include any wind rights, rights to geothermal water resources including geothermal water methane, or any other rights in the surface or mineral estate except those rights that are expressly set forth in this lease. The land covered by this lease is situated in Wabaunsee County, Kansas and described as follows:

The North Half (N/2), and the East 120 acres of the Southeast Quarter (SE/4), of Section Two (2), Township Eleven (11) South, Range Eleven (11) East; containing 383 acres, more or less.

2. **Primary Term:** Subject to the payment of rentals as herein provided, this lease shall remain in force for a Primary Term of three (3) years, and as long thereafter as oil or gas is produced in paying quantities.

3. **Drilling Delay Rental:** Notwithstanding the Primary Term stated above, if drilling operations are not commenced on the leased premises within one (1) year from the date stated above, this lease shall terminate unless Lessee on or before said date pays to Lessor the sum of \$10.00 per acre covered by this lease, as a delay rental, which shall extend for one year from said date the time within which drilling operations must be commenced. Thereafter, annually, in like manner and upon like payments, the commencement of drilling operations may be further deferred for periods of one (1) year until the expiration of the Primary Term. Payment shall be made by check or draft delivered to Lessor at the address last known to Lessee on or before such date for payment. Drilling operations are deemed to be commenced when a well is spudded on the leased premises if such well is thereafter completed with due diligence. This lease covers existing wells located on the leased premises. Reworking existing well(s) and/or obtaining production from such well(s) does not substitute for, or excuse, the obligation to drill one or more wells or pay rentals as required herein.

4. **Royalties:** Lessor shall receive a royalty on all oil and gas and other substances produced and sold by Lessee from the lease premises, as follows:

A. **Oil:** Lessee shall deliver as royalty one-eighth (1/8) of the gross proceeds of all oil and other liquid hydrocarbons recovered or separated on the leased premises, produced and saved from the leased premises and sold by Lessee in an arms' length transaction; and as to such oil and other liquid hydrocarbons not sold by Lessee in an arms' length transaction, royalties of that share or percentage calculated by using the highest price, plus premium, if any, paid or offered for oil and other liquid hydrocarbons of comparable quality in the general area where produced and when run.

B. **Gas:** Lessee shall deliver as royalty one-eighth (1/8) of the gross proceeds received by Lessee for all gas (including substances contained in such gas) recovered or separated on the leased premises, produced from the leased premises and sold by Lessee in an arms' length transaction; and as to such gas (including substances contained in such gas) not sold by Lessee in an arms' length transaction, royalties of that share or percentage calculated by using the highest price paid or offered for gas of comparable quality in the general area where produced and when run.

C. **Price:** Lessee shall pay Lessor royalty on all oil and other liquid hydrocarbons, including condensate, and on all gas, including all substances contained in such gas, (all hereinafter collectively called "Products" and each

individually called a "Product") produced from a well on the leased premises, whether or not such Products are produced to the credit of Lessee or sold under a contract executed by or binding on Lessee. In no event shall Lessor's royalty for a Product be based on a price less than the price paid Lessee for Lessee's share of that Product produced hereunder in an arms' length transaction. For purposes of this lease, an arms' length transaction is a sale of a Product by Lessee to a buyer not affiliated with Lessee or with any subsidiary or other affiliate of Lessee under an agreement negotiated in good faith by all parties.

D. Costs: All oil and gas royalty accruing to Lessor under this Lease shall be without deduction, directly or indirectly, for any costs of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting or marketing the oil and gas produced hereunder or to transform such oil and/or gas into a product or products in marketable form. If a purchaser or affiliate of a purchaser of oil, gas or hydrocarbons from Lessee agrees to build a gathering system, and as a part of the consideration for building a gathering system, Lessee agrees to sell to such purchaser at a reduced, discounted or lesser rate for any of the oil, gas or hydrocarbons produced from the leased premises, Lessor's royalty shall not bear directly, or indirectly, any such, gathering or transportation costs.

5. Completion: If Lessee commences to drill a well while this lease is in force, this lease shall remain in force and continue so long as such operations are diligently prosecuted and, if production results therefrom, then as long as production continues in paying quantities.

6. Dry Hole: If at any time prior to the discovery of oil or gas on the leased premises during the Primary Term of this lease, Lessee shall drill a dry hole thereon, this lease shall not terminate if Lessee commences further drilling operations or commences or resumes the payment of rentals in the manner and in the amount hereinabove provided by the rental paying date, if any, next ensuing following completion of the dry hole or, if there be no such rental date, commences such further drilling operations before the expiration of the Primary Term. If lessee drills a dry hole in the first year but completes the same as a disposal well for the benefit of the existing wells on the Lease, then Lessor will waive the second year delay rental and the lease shall remain in force with the same effect as if such rental had been paid.

7. Cessation of Production: If, within the Primary Term of this lease, production on the leased premises ceases from any cause for a continuous period in excess of sixty (60) days, this lease shall not terminate if operations to drill a well, or to rework or recomplete an existing well, if any, shall be commenced on or before the next ensuing rental date; or, if Lessee begins or resumes the payment of rentals in the manner and amount hereinabove provided. If, after the expiration of the Primary Term of this lease, production on the leased premises ceases from any cause for a continuous period in excess of sixty (60) days, this lease shall not terminate if Lessee commences operations to drill a well, or to rework or recomplete an existing well, if any, within such sixty (60) days, and this lease shall remain in force during the diligent prosecution of such operations and, if production results therefrom, then as long as production continues in paying quantities.

8. Operations: Lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations conducted thereon, except that Lessor expressly reserves ownership and use of all fresh water from or on the leased premises, including but not limited to wells, tanks, ponds and irrigation channels on or appurtenant to said premises. Out of any surplus not needed for operations on the leased premises, Lessor may have, free of charge, gas from any gas well on the leased premises for use in any dwelling on said land by making his own connections with the well, the use of such gas to be at Lessor's sole risk and expense. The taking and use of such surplus gas shall not be a credit against any royalties otherwise payable to Lessor hereunder. Lessee shall bury its pipe lines below plow depth or 36 inches, whichever is deeper. Lessee shall pay for damage caused by its operations including, but not limited to, damage to crops, foliage, and livestock on said land. No well, equipment, structure or roadway shall be located within 330 feet of any house, barn or other buildings of Lessor, if any, now on said premises without written consent of Lessor. No well drilled on the leased premises may be used for disposal of salt water from wells outside the leased premises without the written consent of Lessor and without compensating Lessor for its use. Lessee shall reasonably notify Lessor prior to commencement of drilling operations and shall notify its contractors and employees to consult with Lessor in respect to points of access to the premises. Lessor shall have the right to designate the location of new roadways, entrances and gates upon the premises; provided, they shall be sufficient for the necessary operations of Lessee and provide Lessee with suitable ingress and egress to and from well locations, tanks and facilities, and access to adjacent public roadways, if any. Overhead power lines shall be of sufficient height so as not to interfere with the movement of farm machinery or irrigation equipment, or else buried below plow depth or 36 inches, whichever is deeper. Any fences damaged as a result of Lessee's operations shall be restored to prior condition at Lessee's expense. Upon completion or abandonment of a well, Lessee shall reasonably restore the well site area, and fill and grade pits, as nearly as possible to the prior surface condition and contour, at Lessee's expense. If a well is abandoned, it shall be plugged in accordance with applicable law and the regulations. Before abandoning a gas well, Lessee shall notify Lessor of the intention to abandon and, if requested by Lessor, provide Lessor with the available logs and well data. Lessor shall then have the right to purchase

the well by paying Lessee the fair salvage value of the casing, tubing, pipe and other equipment in and on the well. If Lessor exercises the right to buy the well, Lessee shall then be released from any further liabilities or obligations in respect to such well, including the obligation to plug it at any time, which obligation shall in that event be entirely upon Lessor.

9. **Existing Wells and Tanks.** This lease covers and grants to Lessee the right to re-work and operate the existing wells on the Lease for the production of oil. In the event that oil is produced and saved from an existing well, then the Lessor's royalty on such production shall be twenty-five percent (25%) rather than one-eighth (1/8) as provided for in paragraph 4(A) above, such 25% royalty to be computed and paid in the same manner and subject to the same conditions as otherwise required in paragraph 4(A). All pumping equipment, casing, tubing, pipes and fixtures on existing wells shall remain the property of Lessor, however, Lessee shall be entitled to use the same on such wells free of cost; provided, however, that Lessee shall be responsible for the costs to maintain and repair the same. The existing tanks located on the Lease shall remain the property of Lessor, however, Lessee shall be entitled to use the same in operations conducted under this Lease free of cost; provided, however, that Lessee shall be responsible for costs to maintain and repair the same.

10. **Disposal Well.** Lessee shall have the right to drill and complete a disposal well, or to convert an existing well to a disposal well if such existing well is not suitable for production of oil or other substances covered by this Lease. No well on the leased premises may be used for disposal of salt water from wells other than wells on the leased premises without the written consent of Lessor and without compensating the Lessor for its use.

11. **Electric Service.** Lessee shall be entitled to obtain electricity from any existing electric service available to the leased premises; provided, that Lessee shall be responsible for and pay all charges for electricity used in operations conducted on the Lease.

12. **Removal:** Lessee shall have the right at any time during, or within six (6) months after the expiration of, this lease to remove all of Lessee's property, equipment, machinery, fixtures, and other structures placed on said premises, including the right to draw and remove casing. Any property of Lessee which is not removed within six (6) months after the expiration of this lease shall be deemed abandoned and may be disposed of by Lessor in such manner as Lessor deems best, without notice to Lessee, without obligation or duty of any kind to Lessee for the manner or reasonableness of such disposition, and without obligation or duty to Lessee for any accounting for such disposition or proceeds thereof.

13. **Lesser Interest:** If Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid to Lessor 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.

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

15. **Surrender:** Lessee may at any time surrender or cancel this lease in whole or in part by placing same of record. In case said lease is surrendered and canceled as to only a portion of the acreage covered herein, then all payments and liabilities thereafter accruing under the terms of this lease as to the portion canceled shall cease (except for the terms applicable to abandoned wells) and any rentals thereafter paid shall be reduced in the proportion that the acreage covered hereby is reduced by such release, 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. If this lease becomes forfeited, terminated or expires, Lessee shall execute and record a document cancelling and releasing the lease of record, at no cost to Lessor.

16. **Assignment:** The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, devisees, executors, administrators, successors and assigns. However, no change or division in ownership of the lands, rentals, or royalties shall enlarge the obligations or diminish the rights of Lessee. No change of ownership in the lands, rentals, royalties or any sum due under this lease shall be binding on Lessee until it has been furnished with a true copy of the recorded instrument of conveyance or the will of any deceased owner and of the probate thereof, or copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate. Advance payments of rentals made hereunder before receipt of said documents shall be binding on any and all assignees, grantees, devisees, administrators, executors, or heirs of Lessor.

17. **Laws and Regulations:** All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules or regulations of all governmental agencies administering the same, and this lease shall not be terminated wholly or partially nor shall Lessee be liable for failure to comply with any of the express or implied provisions hereof if such failure is the result of compliance with any such laws, orders, rules or regulations. Nothing in this lease shall be construed to negate the implied covenants imposed upon Lessee under applicable law. In the event that Lessor or Lessee is required to employ legal counsel for the enforcement of any provision of this lease and receives a final judgment, the prevailing party shall be entitled to recover from the other party the reasonable attorney's fees and expenses incurred by said party.

18. **Indemnification and Insurance:** Lessee agrees to fully indemnify, hold harmless, and defend Lessor and Lessor's successors in interest and the agents, servants and employees of Lessor or Lessor's successors in interest from any and all claims, causes of action, demands, liabilities, damages, costs or expenses for any and all environmental damage or liabilities, the death or injury of any persons whomsoever or for damages to or loss of property, including the loss of use thereof directly or indirectly attributable to, arising out of or relating to the building of locations, drilling and completion of any wells or any other activities relating to the drilling and production operations on the leased premises by Lessee, its employees, agents, contractors, assignees, sublessees, licensees or invitees, even though caused without negligence or fault except Lessee shall not be liable for such losses caused solely by negligence or willful misconduct of Lessor. During the term of this lease, Lessee shall maintain such plugging and abandonment or clean-up bond as may be required by any applicable governmental authority having jurisdiction over such matters. In addition, Lessee shall maintain adequate liability insurance covering incidents of environmental damage or liabilities, the death or injuries of persons, and damages to or loss of property, including the loss of use thereof, directly or indirectly attributable to, arising out of or relating to the activities conducted by Lessee on the leased premises.

19. **Accounting and Inspection.** If royalties accruing to Lessor under this lease are paid by Lessee, then Lessor shall have the right to audit the books of Lessee insofar as they relate to production volumes, sale prices, remittance amounts, deductions and other information pertinent to the calculation and payment of royalties due the Lessor. The cost of such audit shall be Lessor's responsibility; *provided, however,* that Lessee shall be responsible for the cost of the audit if, based upon the final audit report, any underpayment calculated before interest is in excess of five percent (5%) of the payment made for the audit period. Lessor, or the Lessor's designated agent, shall have free access to the leased premises for the purpose of inspection and examination, including measuring oil in the tanks.

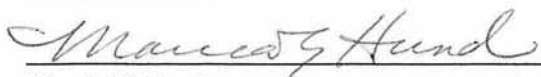
20. **Amendment:** The terms of any division order that may be required to be executed by Lessor in order to receive royalty payments shall not be interpreted or construed to alter or amend the terms of this lease. Any amendment, alteration, extension or ratification of this lease, or any term or provision of this lease, shall be made only by an instrument clearly denominating its purpose and effect, describing the specific terms or provisions affected and the proposed change or modification, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be enforced. Any purported amendment, alteration, extension or ratification not so written and executed shall be of no force or effect.

21. **Warranty:** Lessor hereby warrants that Lessor is the lawful owner of and has good title to said land, subject only to liens, mortgages, encumbrances, easements, rights of way, and restrictions of record. In the event Lessee determines that any curative action is necessary to render leasehold title marketable, Lessee shall assume the costs thereof; *provided,* that Lessor agrees to cooperate and assist as reasonably necessary to effect such curative action.

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

Lessor:


George A. Hund


Marcia E. Hund

Lessee:

Tufte Enterprises, LLC


by: Stephan Tufte, Manager/Member

STATE OF KANSAS, COUNTY OF Wabaunsee, ss:

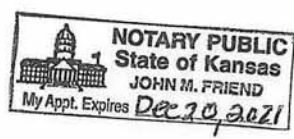
This instrument was acknowledged before me on February 12, 2018 by George A. Hund and Marcia E. Hund, husband and wife.



Jennifer A. Savage, Wabco Clerk
Notary Public Jennifer A. Savage
Appointment Expires: 1-11-2021

STATE OF KANSAS, COUNTY OF Jefferson, ss:

This instrument was acknowledged before me on Jan. 23, 2018 by Stephan Tufte, Manager of Tufte Enterprises, LLC, a Kansas limited liability company, on behalf of the company.



John M. Friend
Notary Public
Appointment Expires:

HUND OIL & GAS LEASE OPERATING AGREEMENT

Tufte Enterprises LLC, holder of a certain Oil and Gas Lease located in Section 2, T11S, R11E Wabaunsee County, on the property of George and Marcia Hund, Paxico Kansas, recorded at the Wabaunsee County Register of Deeds office in Book 230, Page 171, does hereby authorize Kiowa Gas Company whose mailing address is: Campbell Centre II, Suite 750, 8150 N. Central Expressway, Dallas TX 75206 to operate said lease for the purpose of oil and gas production per KCC rules and regulations, until further notice.



Steve Tufte, Managing Member
Tufte Enterprises LLC

8/24/2018

Date