

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: \_\_\_\_\_

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

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

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

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

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

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

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

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

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

DISTRICT \_\_\_\_\_ EPR \_\_\_\_\_ PRODUCTION \_\_\_\_\_ UIC \_\_\_\_\_



KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form KSONA-1

July 2014

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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: \_\_\_\_\_



## Assignment and Bill of Sale

KNOW ALL MEN BY THESE PRESENTS, That the undersigned, the HUFF FAMILY LIMITED PARTNERSHIP of 302 Stardust Lane, Georgetown, Texas 78633, herein "Assignor" for and in consideration of the sum of ten dollars (\$10.00), and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby sell, assign, transfer and set over unto RED HILLS RESOURCES, INC., of P.O. Box 132, Englewood, Kansas 67840, herein "Assignee" all of Assignor's right, title and interest, if any, to the following interests (collectively the "Assigned Property"):

- A. All of Assignor's right, title and interest in and to the oil and gas, or oil, gas and mineral leases set out on Exhibit "A" which is attached hereto and made a part hereof, hereinafter referred to as "Leasehold".
- B. All of Assignor's right, title and interest in and to the well or wells of every kind whatsoever, including, but not limited to, any oil or gas wells, saltwater disposal wells, unplugged, shut-in or abandoned wells, water wells or injection wells and any production therefrom, located on the Leasehold or lands or leases with which the Leasehold may be pooled or unitized, together with all of Assignor's right, title and interest in and to any equipment or other real, personal or mixed property of any kind whatsoever appurtenant thereto or used or obtained in connection with the said Leasehold, including, but not limited to, all platforms, casing, tubing, compressors, meters, separators, pumps, fixtures, tanks, tank batteries, gas plants and disposal systems, whether or not specifically described on Exhibit "A", herein "Tangible Property".
- C. All of Assignor's rights, privileges, benefits, powers and obligations extended to or conferred upon Assignor by, through or under contracts of any kind whatsoever, recorded or unrecorded, including, without limitation, the leases hereby assigned and any valid pooling or unitization agreement to which they may be subject, operating agreements, letter agreements, farmout or participation agreements, existing as of the Effective Date of this instrument insofar, and only insofar, as they affect the herein assigned Leasehold or Tangible Property, herein "Contracts", and Assignee accepts the Assigned Property subject to all Contracts and is hereby subrogated to all of the rights, privileges, benefits, powers and obligations of Assignor under any such Contracts insofar, and only insofar, as such Contract covers the Assigned Property whether or not any such Contract appears of record in the county where the Assigned Property is located.

**THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED IN EQUITY OR AT LAW, AS TO THE INTEREST OF ASSIGNOR IN AND TO THE ASSIGNED PROPERTY, TO THE TITLE OF ASSIGNOR IN AND TO THE ASSIGNED PROPERTY OR TO THE FITNESS OR MERCHANTABILITY OF THE TANGIBLE PROPERTY AND THE ASSIGNED PROPERTY IS HEREBY CONVEYED AND ACCEPTED ON AN AS IS, WHERE IS, BASIS WITH ALL DEFECTS. HOWEVER, TO THE EXTENT ASSIGNABLE OR TRANSFERABLE, ASSIGNOR HEREBY CONVEYS TO ASSIGNEE AND ASSIGNEE IS SUBROGATED TO ALL RIGHTS, COVENANTS AND WARRANTIES, IF ANY, WHICH ASSIGNOR MAY BE ENTITLED TO ENFORCE WITH REGARD TO ASSIGNED PROPERTY AGAINST ASSIGNOR'S PREDECESSORS IN TITLE.**

This Assignment and Bill of Sale ("Assignment") is made subject to all conveyances, reservations and exceptions or other instruments whether of record or not. This Assignment is further made and Assignee hereby accepts this Assignment subject to all terms, provisions, covenants, conditions, obligations and agreements, including, but not limited to, the plugging responsibility for any well, surface restoration, or preferential purchase rights contained in any Contracts existing as of the Effective Date of this Assignment and affecting the Assigned Property whether or not recorded. Assignee has inspected the Assigned Property for all purposes including, without limitation, environmental condition, the use or evidence of asbestos, surface and subsurface water contamination, soil or air pollution and all other environmental conditions that might be ruled to be covered under Section 107(a) or other provisions of the Comprehensive



Environmental Response Compensation and Liability Act ("CERCLA") of 1980, as amended, Resource Conservation and Recovery Act of 1976, the Clean Water Act, the Safe Drinking Water Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act or similar federal, state or local acts, legislation or statutes now in existence or subsequently promulgated by a body of competent jurisdiction and ruled to be applicable to the Assigned Property. Assignee assumes and accepts all of Assignor's liability for the Assigned Property and hereby indemnifies and agrees to keep, save and hold Assignor harmless, free and clear from any claims, suit, demand, damage, penalty, settlement, judgment, action or cause for action alleged, adjudged, arising or to arise prior to or subsequent to the Effective Date, notwithstanding when the basis for such claim, suit, action or cause for action may have occurred. The indemnity contained herein includes reasonable attorney fees required to be spent by Assignor in the defense of such claims, suits, demands, damages, penalties, settlements, judgments, actions or causes for action.

Assignee hereby warrants that it will comply with, all federal, state or local statutes, rules, regulations, orders or requirements including, without limitation, the disposal or discharge of waste, plugging any well, restoration of the surface or subsurface, plugging or re-plugging any well and posting plugging bonds for any and all wells on the Assigned Property.

Assignee by acceptance of this Assignment acknowledges that it is a sophisticated purchaser of oil and gas properties as such may be defined in any local, state or federal statute or regulation and Assignee hereby expressly waives all rights under any such existing local, state or federal statute to claim to be an unsophisticated purchaser.

All production or proceeds attributable to the Assigned Property prior to the Effective Date, including, without limitation, any oil above the pipeline connection in the tanks located on the Leasehold, belong to Assignor. All taxes, including, but not limited to, state excise taxes, state severance taxes and Ad valorem taxes or other taxes based on gross production and levied by a governmental body having jurisdiction for the current tax year will be borne by Assignor through the Effective Date and Assignee thereafter. Capital costs, production proceeds, expenses, unearned insurance premiums, paid utility charges applicable to periods following the Effective Date, prepaid rentals and any other prepaids or accrued payables, if any, attributable to the Assigned Properties will be prorated as of the Effective Date, and amounts owing from such proration shall be settled with a final accounting, which shall cover all revenue and expense items not finally accounted for at closing and shall be made at such time as complete records are available, but in no event greater than One Hundred Twenty (120) days following the closing of this transaction.

Anything herein to the contrary notwithstanding, it is expressly agreed that in the event Assignor's gas production, if any, from the Assigned Property is in excess of, or less than, Assignor's working interest in such property, the Assignee shall acquire Assignor's interest subject to such over-production or under-production and no adjustment shall be made. In the case of under-production, Assignee shall acquire all of Assignor's right to recoup such under-production whether pursuant to a gas balancing agreement, or otherwise, subject to all burdens, including, without limitation, applicable royalty and tax burdens. In the event of over-production, Assignee shall acquire the property subject to the over-production and does hereby indemnify and agree to keep, save and hold harmless Assignor with regard to the obligation to balance production, either in-kind or in-cash, with the under-produced parties. The indemnity contained herein shall be construed to cover any overpayment or erroneous payment for production that may be claimed by any purchaser.

Assignee hereby assumes and agrees to be bound by and to perform all duties and obligations of Assignor as to the Assigned Property from and after the Effective Date and to promptly notify all appropriate tax assessor-collectors of the rights and interests hereby transferred. Assignee assumes the sole responsibility for and agrees to promptly notify the purchaser of production of the transfer of the interest and to furnish said purchaser any documentation required to permit



purchaser to change its records. Assignee further agrees and hereby indemnifies Assignor against any obligations or liability to any party claiming an interest by, through or under this Assignment for the reimbursement of, or accounting for, any sum paid to Assignor for production produced after the Effective Date of this Assignment; however, Assignor agrees to make a good faith effort for a period not to exceed Ninety (90) days from and after the Effective Date of this Assignment to see that any such sums received by Assignor are returned to purchaser for credit to Assignee.

Assignee expressly assumes the plugging and abandonment and re-plugging and re-abandonment obligations of Assignor relative to any well on any of the Assigned Property in full compliance with any and all applicable federal, state and local laws, orders, rules, regulations and standards.

As part of the consideration of the execution of this Assignment, Assignee agrees to indemnify and hold harmless the Operator, Clayton Corporation Petroleum and Natural Gas Production, from any and all claims which may arise from the operation of any oil and gas lease or well assigned hereunder, whether any such claim arises prior to or subsequent to the Effective Date of this Assignment.

The parties hereto agree to do such further acts or execute such further documents as may reasonably be required to effectuate the terms of this conveyance.

If any provision of this conveyance is held invalid, such invalidity shall not affect the remaining provisions.

This conveyance cannot be modified or amended except by written instrument duly executed by Assignor and Assignee.

This Assignment is not intended to create, nor shall it be construed as creating, a joint venture, partnership, or any type of association; and the parties hereto are not authorized to act as agent or principal for each other with respect to any matter related thereto.

This Assignment constitutes the entire agreement between the parties superseding all others, written or oral.

This Assignment shall be governed by and construed under the laws of the State of Colorado and the venue of any action brought by either party in regard hereto or arising out of the terms or conditions hereof shall be in Denver County, Colorado.

TO HAVE AND TO HOLD the same unto Assignee, its successors and assigns, forever. The provisions hereof shall be covenants running with the land and shall inure to the benefit of, and be binding upon, the Assignor and Assignee, their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, THIS ASSIGNMENT AND BILL OF SALE IS EXECUTED THIS 28<sup>th</sup> DAY OF SEPTEMBER, 2018 AND EFFECTIVE AT 12:01 AM CENTRAL DAYLIGHT SAVINGS TIME, OCTOBER 1, 2018.

**"Assignor"**

Huff Family Limited Partnership

By: Edgar J. Huff

Title: Trustee, L.P.

**"Assignee"**

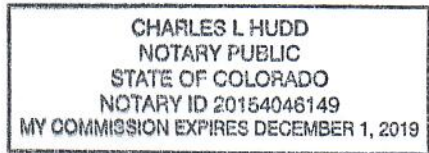
Red Hills Resources, Inc.

By: James W. Mix

Title: President

STATE OF Colorado )  
 )ss.  
COUNTY OF Jefferson )

The foregoing instrument was acknowledged before me this 28<sup>th</sup> day of September, 2018, by Edgar J. Huff, known to me to be the identical person described in and who executed the within and foregoing instrument as Trustee/G.P. of the Huff Family Limited Partnership 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 entity, for the uses and purposes therein set forth.



Witness my hand and official seal.

My commission expires: 12/01/2019.

Charles L. Hudd  
Notary Public  
Address: 30770 Stagecoach Blvd.  
Evergreen, CO 80439

STATE OF Kansas )  
 )ss.  
COUNTY OF Mead )

The foregoing instrument was acknowledged before me this 2<sup>nd</sup> day of October, 2018, by James W. McC..., known to me to be the identical person described in and who executed the within and foregoing instrument as President of Red Hills Resources, Inc. 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 entity, for the uses and purposes therein set forth.

Witness my hand and official seal.

My commission expires: 10/8/22.

Sherri Gonzales  
Notary Public  
Address: 200 N. Fowler  
Mead, Ks. 67864





**Exhibit "A"**

**Attached to and made a part of that certain Assignment of Oil and Gas Lease and Bill of Sale Effective October 1, 2018 between the HUFF FAMILY LIMITED PARTNERSHIP and RED HILLS RESOURCES, Inc.**

Well Name: McKinney #1;

Location: Section 34-T33S-R26W;

Oil and Gas Lease dated January 18, 1956, from Dale Woodruff, et ux, Lessor, to Charles C. Theis, Lessee, recorded in Book 9, Page 591, Records of Meade County, Kansas, insofar as said lease covers the following described land in Meade County, Kansas: NE/4 Section 34, T33S-R26W, Meade County, Kansas;

Oil and Gas Lease dated January 18, 1956, from Jennie L. Woodruff, Lessor, to Charles C. Theis, Lessee, recorded in Book 9, Page 593, Records of Meade County, Kansas, insofar as said lease covers the following described land in Meade County, Kansas: SW/4 Section 34, T33S-R26W, Meade County, Kansas;

Oil and Gas Lease dated January 18, 1956, from Jennie L. Woodruff, Lessor, to Charles C. Theis, Lessee, recorded in Book 9, Page 595, Records of Meade County, Kansas, insofar as said lease covers the following described land in Meade County, Kansas: NW/4 Section 34, T33S-R26W, Meade County, Kansas;

Oil and Gas Lease dated November 30, 1945, from Charles W. McKinney and Grace E. McKinney, husband and wife, Lessor, to Gulf Oil Corporation, Lessee, recorded in Book 5, Page 213, Records of Meade County, Kansas, insofar as said lease covers the following described land in Meade County, Kansas: SE/4 Section 34, T33S-R26W, Meade County, Kansas.



## Assignment and Bill of Sale

KNOW ALL MEN BY THESE PRESENTS, That the undersigned, ALBI FINANCIAL HOLDINGS, LLC, a Colorado limited liability company, d/b/a AFHC, of P.O. Box 6218, Denver, Colorado 80206, herein "Assignor" for and in consideration of the sum of ten dollars (\$10.00), and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby sell, assign, transfer and set over unto RED HILLS RESOURCES, INC., of P.O. Box 132, Englewood, Kansas 67840, herein "Assignee" all of Assignor's right, title and interest, if any, to the following interests (collectively the "Assigned Property"):

- A. All of Assignor's right, title and interest in and to the oil and gas, or oil, gas and mineral leases set out on Exhibit "A" which is attached hereto and made a part hereof, hereinafter referred to as "Leasehold".
- B. All of Assignor's right, title and interest in and to the well or wells of every kind whatsoever, including, but not limited to, any oil or gas wells, saltwater disposal wells, unplugged, shut-in or abandoned wells, water wells or injection wells and any production therefrom, located on the Leasehold or lands or leases with which the Leasehold may be pooled or unitized, together with all of Assignor's right, title and interest in and to any equipment or other real, personal or mixed property of any kind whatsoever appurtenant thereto or used or obtained in connection with the said Leasehold, including, but not limited to, all platforms, casing, tubing, compressors, meters, separators, pumps, fixtures, tanks, tank batteries, gas plants and disposal systems, whether or not specifically described on Exhibit "A", herein "Tangible Property".
- C. All of Assignor's rights, privileges, benefits, powers and obligations extended to or conferred upon Assignor by, through or under contracts of any kind whatsoever, recorded or unrecorded, including, without limitation, the leases hereby assigned and any valid pooling or unitization agreement to which they may be subject, operating agreements, letter agreements, farmout or participation agreements, existing as of the Effective Date of this instrument insofar, and only insofar, as they affect the herein assigned Leasehold or Tangible Property, herein "Contracts", and Assignee accepts the Assigned Property subject to all Contracts and is hereby subrogated to all of the rights, privileges, benefits, powers and obligations of Assignor under any such Contracts insofar, and only insofar, as such Contract covers the Assigned Property whether or not any such Contract appears of record in the county where the Assigned Property is located.

**THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED IN EQUITY OR AT LAW, AS TO THE INTEREST OF ASSIGNOR IN AND TO THE ASSIGNED PROPERTY, TO THE TITLE OF ASSIGNOR IN AND TO THE ASSIGNED PROPERTY OR TO THE FITNESS OR MERCHANTABILITY OF THE TANGIBLE PROPERTY AND THE ASSIGNED PROPERTY IS HEREBY CONVEYED AND ACCEPTED ON AN AS IS, WHERE IS, BASIS WITH ALL DEFECTS. HOWEVER, TO THE EXTENT ASSIGNABLE OR TRANSFERABLE, ASSIGNOR HEREBY CONVEYS TO ASSIGNEE AND ASSIGNEE IS SUBROGATED TO ALL RIGHTS, COVENANTS AND WARRANTIES, IF ANY, WHICH ASSIGNOR MAY BE ENTITLED TO ENFORCE WITH REGARD TO ASSIGNED PROPERTY AGAINST ASSIGNOR'S PREDECESSORS IN TITLE.**

This Assignment and Bill of Sale ("Assignment") is made subject to all conveyances, reservations and exceptions or other instruments whether of record or not. This Assignment is further made and Assignee hereby accepts this Assignment subject to all terms, provisions, covenants, conditions, obligations and agreements, including, but not limited to, the plugging responsibility for any well, surface restoration, or preferential purchase rights contained in any Contracts existing as of the Effective Date of this Assignment and affecting the Assigned Property whether or not recorded. Assignee has inspected the Assigned Property for all purposes including, without limitation, environmental condition, the use or evidence of asbestos, surface and subsurface water contamination, soil or air pollution and all other environmental conditions that might be ruled to be covered under Section 107(a) or other provisions of the Comprehensive



Environmental Response Compensation and Liability Act ("CERCLA") of 1980, as amended, Resource Conservation and Recovery Act of 1976, the Clean Water Act, the Safe Drinking Water Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act or similar federal, state or local acts, legislation or statutes now in existence or subsequently promulgated by a body of competent jurisdiction and ruled to be applicable to the Assigned Property. Assignee assumes and accepts all of Assignor's liability for the Assigned Property and hereby indemnifies and agrees to keep, save and hold Assignor harmless, free and clear from any claims, suit, demand, damage, penalty, settlement, judgment, action or cause for action alleged, adjudged, arising or to arise prior to or subsequent to the Effective Date, notwithstanding when the basis for such claim, suit, action or cause for action may have occurred. The indemnity contained herein includes reasonable attorney fees required to be spent by Assignor in the defense of such claims, suits, demands, damages, penalties, settlements, judgments, actions or causes for action.

Assignee hereby warrants that it will comply with, all federal, state or local statutes, rules, regulations, orders or requirements including, without limitation, the disposal or discharge of waste, plugging any well, restoration of the surface or subsurface, plugging or re-plugging any well and posting plugging bonds for any and all wells on the Assigned Property.

Assignee by acceptance of this Assignment acknowledges that it is a sophisticated purchaser of oil and gas properties as such may be defined in any local, state or federal statute or regulation and Assignee hereby expressly waives all rights under any such existing local, state or federal statute to claim to be an unsophisticated purchaser.

All production or proceeds attributable to the Assigned Property prior to the Effective Date, including, without limitation, any oil above the pipeline connection in the tanks located on the Leasehold, belong to Assignor. All taxes, including, but not limited to, state excise taxes, state severance taxes and Ad valorem taxes or other taxes based on gross production and levied by a governmental body having jurisdiction for the current tax year will be borne by Assignor through the Effective Date and Assignee thereafter. Capital costs, production proceeds, expenses, unearned insurance premiums, paid utility charges applicable to periods following the Effective Date, prepaid rentals and any other prepaids or accrued payables, if any, attributable to the Assigned Properties will be prorated as of the Effective Date, and amounts owing from such proration shall be settled with a final accounting, which shall cover all revenue and expense items not finally accounted for at closing and shall be made at such time as complete records are available, but in no event greater than One Hundred Twenty (120) days following the closing of this transaction.

Anything herein to the contrary notwithstanding, it is expressly agreed that in the event Assignor's gas production, if any, from the Assigned Property is in excess of, or less than, Assignor's working interest in such property, the Assignee shall acquire Assignor's interest subject to such over-production or under-production and no adjustment shall be made. In the case of under-production, Assignee shall acquire all of Assignor's right to recoup such under-production whether pursuant to a gas balancing agreement, or otherwise, subject to all burdens, including, without limitation, applicable royalty and tax burdens. In the event of over-production, Assignee shall acquire the property subject to the over-production and does hereby indemnify and agree to keep, save and hold harmless Assignor with regard to the obligation to balance production, either in-kind or in-cash, with the under-produced parties. The indemnity contained herein shall be construed to cover any overpayment or erroneous payment for production that may be claimed by any purchaser.

Assignee hereby assumes and agrees to be bound by and to perform all duties and obligations of Assignor as to the Assigned Property from and after the Effective Date and to promptly notify all appropriate tax assessor-collectors of the rights and interests hereby transferred. Assignee assumes the sole responsibility for and agrees to promptly notify the purchaser of production of the transfer of the interest and to furnish said purchaser any documentation required to permit



purchaser to change its records. Assignee further agrees and hereby indemnifies Assignor against any obligations or liability to any party claiming an interest by, through or under this Assignment for the reimbursement of, or accounting for, any sum paid to Assignor for production produced after the Effective Date of this Assignment; however, Assignor agrees to make a good faith effort for a period not to exceed Ninety (90) days from and after the Effective Date of this Assignment to see that any such sums received by Assignor are returned to purchaser for credit to Assignee.

Assignee expressly assumes the plugging and abandonment and re-plugging and re-abandonment obligations of Assignor relative to any well on any of the Assigned Property in full compliance with any and all applicable federal, state and local laws, orders, rules, regulations and standards.

As part of the consideration of the execution of this Assignment, Assignee agrees to indemnify and hold harmless the Operator, Clayton Corporation Petroleum and Natural Gas Production, from any and all claims which may arise from the operation of any oil and gas lease or well assigned hereunder, whether any such claim arises prior to or subsequent to the Effective Date of this Assignment.

The parties hereto agree to do such further acts or execute such further documents as may reasonably be required to effectuate the terms of this conveyance.

If any provision of this conveyance is held invalid, such invalidity shall not affect the remaining provisions.

This conveyance cannot be modified or amended except by written instrument duly executed by Assignor and Assignee.

This Assignment is not intended to create, nor shall it be construed as creating, a joint venture, partnership, or any type of association; and the parties hereto are not authorized to act as agent or principal for each other with respect to any matter related thereto.

This Assignment constitutes the entire agreement between the parties superseding all others, written or oral.

This Assignment shall be governed by and construed under the laws of the State of Colorado and the venue of any action brought by either party in regard hereto or arising out of the terms or conditions hereof shall be in Denver County, Colorado.

TO HAVE AND TO HOLD the same unto Assignee, its successors and assigns, forever. The provisions hereof shall be covenants running with the land and shall inure to the benefit of, and be binding upon, the Assignor and Assignee, their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, THIS ASSIGNMENT AND BILL OF SALE IS EXECUTED THIS 24<sup>TH</sup> DAY OF SEPTEMBER, 2018 AND EFFECTIVE AT 12:01 AM CENTRAL DAYLIGHT SAVINGS TIME, OCTOBER 1, 2018.

**"Assignor"**

Albi Financial Holdings, LLC,  
a Colorado limited liability company,  
d/b/a AFHC

By: \_\_\_\_\_

Joseph R. Albi, Jr., Manager

**"Assignee"**

Red Hills Resources, Inc.

By: \_\_\_\_\_

Title: President

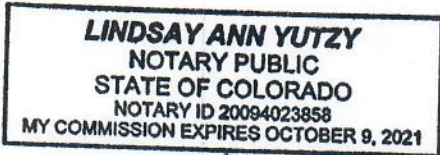


STATE OF COLORADO )  
 )ss.  
COUNTY OF Denver )

The foregoing instrument was acknowledged before me this 24 day of September, 2018, by JOSEPH R. ALBI, JR., known to me to be the identical person described in and who executed the within and foregoing instrument as Manager of Albi Financial Holdings, LLC, a Colorado limited liability company, d/b/a AFHC 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 entity, for the uses and purposes therein set forth.

Witness my hand and official seal.

My commission expires: October 9, 2021.



Lindsay Ann Yutzy  
Notary Public  
Address: 1700 Lincoln Street  
Suite 3700  
Denver, CO 80203

STATE OF Kansas )  
 )ss.  
COUNTY OF Wade )

The foregoing instrument was acknowledged before me this 2nd day of October, 2018, by James Wark, known to me to be the identical person described in and who executed the within and foregoing instrument as President of Red Hills Resources, Inc. 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 entity, for the uses and purposes therein set forth.

Witness my hand and official seal.

My commission expires: 10/8/22.



Sherri Gonzales  
Notary Public  
Address: 200 N Fowler  
Wade, KS. 67884



**Exhibit "A"**

**Attached to and made a part of that certain Assignment of Oil and Gas Lease and Bill of Sale Effective October 1, 2018 between ALBI FINANCIAL HOLDINGS, LLC, a Colorado limited liability company, d/b/a AFHC and RED HILLS RESOURCES, Inc.**

Well Name: McKinney #1;

Location: Section 34-T33S-R26W;

Oil and Gas Lease dated January 18, 1956, from Dale Woodruff, et ux, Lessor, to Charles C. Theis, Lessee, recorded in Book 9, Page 591, Records of Meade County, Kansas, insofar as said lease covers the following described land in Meade County, Kansas: NE/4 Section 34, T33S-R26W, Meade County, Kansas;

Oil and Gas Lease dated January 18, 1956, from Jennie L. Woodruff, Lessor, to Charles C. Theis, Lessee, recorded in Book 9, Page 593, Records of Meade County, Kansas, insofar as said lease covers the following described land in Meade County, Kansas: SW/4 Section 34, T33S-R26W, Meade County, Kansas;

Oil and Gas Lease dated January 18, 1956, from Jennie L. Woodruff, Lessor, to Charles C. Theis, Lessee, recorded in Book 9, Page 595, Records of Meade County, Kansas, insofar as said lease covers the following described land in Meade County, Kansas: NW/4 Section 34, T33S-R26W, Meade County, Kansas;

Oil and Gas Lease dated November 30, 1945, from Charles W. McKinney and Grace E. McKinney, husband and wife, Lessor, to Gulf Oil Corporation, Lessee, recorded in Book 5, Page 213, Records of Meade County, Kansas, insofar as said lease covers the following described land in Meade County, Kansas: SE/4 Section 34, T33S-R26W, Meade County, Kansas.