

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 _____

Side Two

Must Be Filed For All Wells

KDOR Lease No.: _____

* Lease Name: _____ * Location: _____

Well No.	API No. (YR DRLD/PRE '67)	Footage from Section Line (i.e. FSL = Feet from South Line)		Type of Well (Oil/Gas/INJ/WSW)	Well Status (PROD/TA'D/Abandoned)
		Circle FSL/FNL	Circle FEL/FWL		
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____
_____	_____	_____ FSL/FNL	_____ FEL/FWL	_____	_____

A separate sheet may be attached if necessary

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

KANSAS CORPORATION COMMISSION
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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: _____

SALE AND PURCHASE AGREEMENT

Seller: R & D Oil, LLC
a Kansas limited liability company
36 King Arms Road
Little Rock, AR 72227

Buyer: JTC Oil, Inc.
a Kansas corporation
35790 Plum Creek Rd.
Osawatomie, KS 66064

Closing Date: April 19, 2019

Purchase Price: \$120,000.00

1. CONSIDERATION. The supporting consideration for this Agreement will be the exchange of the Purchase Price for the Property, and the mutual covenants and agreements contained herein. The Parties stipulate and agree that said consideration is sufficient to support this Agreement.

2. SALE OF PROPERTY. Seller shall sell and convey to Buyer and Buyer shall purchase from Sellers, the following: (1) approximately 20.22 acres of land in Franklin County, Kansas, described on **Exhibit A** (the "*Land*"); (2) all structures and fixtures owned by Sellers that are located on or in the Property (the "*Improvements*"); and (3) all of Sellers' estates, rights, privileges, easements and appurtenances belonging or in any way appertaining to the Property and the Improvements. The Land and Improvements shall specifically include all wells, equipment, tanks, and other personal property used or usable in connection with the oil and gas operations being conducted thereon and Seller shall convey 100% NRI in and to all production obtained from the land. Seller agrees to sell the Land and Improvements together with all of its right, title and interest in and to all rights, privileges and easements appurtenant thereto, to Buyer for the sum of One Hundred Twenty Thousand Dollars (\$120,000.00) including all personal property now in place on the Land. The Land, Improvements, personal property, trade fixtures, wells and other oil and gas related equipment shall hereinafter collectively be referred to as the "Property."

3. ALLOCATION OF THE PURCHASE PRICE. The purchase price for the Property is One Hundred Twenty Thousand Dollars (\$120,000.00). Such purchase price will be allocated as follows:

<u>DESCRIPTION OF PARTICULAR ASSETS</u>	<u>PURCHASE PRICE</u>
Seller's Land and Improvements:	\$ <u>80,000</u>
Sellers interest in all personal property, fixtures and improvements currently located upon the Land:	\$ <u>40,000</u>

4. SELLER FINANCING. The entire purchase price shall be paid to Seller through the reservation of a production payment on all oil and gas produced from the Land in the amount of 30% of the interest conveyed to Buyer at the closing herein. Therefore, Buyer shall receive 70% of the gross oil and gas sale proceeds attributable to the interest assigned to Buyer at closing until the total amount of \$120,000.00 is received by Seller through said production payment. Provided however, that the parties stipulate and agree that the entire unpaid balance of the Purchase Price shall become due and owing on the four year anniversary following closing. Interest shall not accrue

upon the unpaid balance of the Purchase Price. At closing Seller shall execute the Quitclaim Deed/Release of Production payment attached hereto as **Exhibit C** and such conveyance shall be held in escrow by Anderson & Byrd, LLP, until the entire Purchase Price has been paid to Seller, at which time said Quitclaim Deed/Release of Production payment shall be delivered to Buyer.

5. POSSESSION At CLOSING. During the executory period of this Agreement, Buyer shall have full and exclusive possession, control and supervision of the Property for all purposes including but not limited to all development and operations of the Property for the production of oil, gas and casinghead gas. Buyer may in its sole discretion construct or demolish Improvements, drill additional wells, shut wells in, plug wells, change crude oil purchasers, sell equipment and retain the proceeds therefrom, replace equipment etc. During the executory period of this Agreement, Seller shall have no right to control or otherwise stipulate to the manner of operation of the Property. Buyer shall pay all expenses associated with the Property incurred as a result of Buyer's operation thereof, including both capital expenditures and operating expenses during the executory period of this Agreement. Buyer will be listed as the operator of the Property with the Kansas Corporation Commission, and Buyer shall be responsible for paying all fines, performing all remediation work and ensuring that the Property is in compliance with all applicable laws, rules and regulations; provided however Buyer shall not be responsible for paying any fines or performing any remediation work which became necessary due events occurring prior to the date of this Agreement. The "executory period" as that term is used in this Agreement shall mean the period of time between the closing and Seller's receipt of the entire purchase price.

6. TITLE.

Title and Deed. On the Closing Date, Sellers shall sell and convey to Buyer title to the Property in fee simple by a duly acknowledged and executed General Warranty Deed (the "Deed") in the form attached hereto as **Exhibit B**, subject to no liens, claims, encumbrances or title exceptions except the following ("Permitted Encumbrances"):

- (a) real estate taxes and assessments not yet due and payable;
- (b) easements or other grants to utility companies and/or public or quasi-public entities to facilitate the delivery of utilities to the Property, or for road, water, sewer or other public purposes, regardless of whether they are for the benefit of the Property; and
- (c) all liens, mortgages or encumbrances which will be satisfied as part of Closing with the sale proceeds;

Boundary Lines. Sellers are the owners of the Property free and clear of any encumbrances of any kind including but not limited to encroachments, boundary line disputes, rights of parties in possession or restrictions on sale.

Title Insurance. Title to the Property shall be insurable by Security 1st Title (the "Title Company"). Within fifteen (15) days after the Effective Date, Sellers shall cause to be delivered to Buyer a title insurance commitment (the "Commitment") issued by the Title Company pursuant to which the Title Company agrees to issue to Buyer a policy of title insurance (the "Title Policy") for an owner on a standard ALTA policy form, in the amount of the Purchase Price, insuring fee simple title to the Property in Buyer, subject only to the Permitted Encumbrances. The Title Policy may include such endorsements as Buyer may reasonably require at Buyer's expense.

Title Defects.

(a) If the Commitment or any survey discloses material title defects other than the Permitted Encumbrances (the "Title Defects"), Buyer will notify Sellers of the Title Defects that are unacceptable within forty five (45) days after the Effective Date (the "Due Diligence Period"). Upon receipt of such notice, Sellers may: (i) use reasonable efforts to remedy such Title Defects as are susceptible of being remedied prior to the Closing Date; (ii) secure affirmative assurance of the Title Company that it will issue the Title Policy to Buyer as herein provided without making exception for the matter(s) in question; or (iii) refuse to remedy such Title Defects. If Sellers elect to cure any Title Defects, it may elect to extend the Closing Date described herein by up to thirty (30) days ("*Closing Date Extension*"), by providing written notice of the same to Buyer.

(b) In the event Sellers are unable or unwilling to cure any title defects after fulfilling its obligations under this subsection, Sellers shall notify Buyer of such fact in writing, and Buyer shall have five (5) days after receipt of such notice to either terminate this Contract, or waive the uncured title defect in question and proceed to Closing. If Buyer elects to terminate this Contract under this provision, the Parties shall not be liable for any costs or damages except as otherwise provided herein and the Deposit shall be returned to Buyer.

Sellers' Title Documents. Sellers agree to execute, acknowledge and deliver to the Title Company, on or before the Closing Date, such affidavits and other documents and instruments as the Title Company may reasonably require as a condition to issuance of the Title Policy in the form herein provided ("*Sellers' Title Documents*").

7. CLOSING. Closing shall be on April 19, 2019 at a time and place mutually agreeable to Buyer and Seller. Seller shall execute the warranty deed and bill of sale and the parties shall execute the memorandum of agreement described below.

8. SUBROGATION. In the event Seller becomes delinquent on payment of any obligations during the executory period of this Agreement which could adversely effect Buyers title to the Property, Buyer shall have the option but not the obligation to pay said obligations on Seller's behalf and to deduct the amount expended to pay said obligation from the unpaid purchase price, and to demand repayment from Seller if the amount of the unpaid purchase price does not exceed the amount expended by Buyer to satisfy Seller's obligation. Seller acknowledges that its title is and always will be subordinate to the title of the Buyer and nothing herein contained will empower Seller to do any act that can, will, or may encumber the title of the Buyer.

9. NO BUSINESS RELATIONSHIP. Nothing in this Agreement will be deemed, held, or construed to make either party a partner or associate of the other in the operation of the Property, or to render either party liable for any debts, liabilities, or obligations incurred by the other party. It is expressly understood and agreed that the relationship between the parties hereto will always be that of vendor and vendee.

10. SETTLEMENT OF CLAIMS. Buyer shall have the right to compromise, settle and adjust any claim for damages which may be made by the land owner or adjoining landowners, which damage may result from any operations conducted in the developing or operation of the Property.

11. SELLER RETENTION. Seller shall continue to operate and produce the Property until Closing. Seller shall retain all production from said operations prior to closing and shall pay all expenses and liabilities to the date of closing. Seller shall sell all production on or about the date of closing, therefore any oil located upon the Property on June 1, 2016 shall become the property

of Buyer. All continuing services such as utilities, pumper fees and related expenses shall become on the date of closing Buyer's liability.

12. TIME IS OF THE ESSENCE. It is very important to the Seller that this sale is performed in a prudent and timely manner. Time is of the essence, thus all things which are required to be done by certain dates must be done, otherwise such failure shall be deemed a material default.

13. POSSESSION AT CLOSING. Possession of the Property shall be on the date of closing.

14. DISCLAIMERS. The parties hereby stipulate and agree that neither party has made any representations or warranties of any kind to the other which are not expressly included herein. The parties further stipulate and agree that neither of them have entered into this agreement or changed their respective positions based upon any representations or warranties made by the other party which are not expressly included herein.

15. TAXES. Seller shall pay all real estate, personal property, *ad valorem* and other property taxes for the 2018 and prior tax periods, and Buyer shall pay all real estate, personal property, *ad valorem* and other property taxes for the 2020 and later tax periods. All personal property, *ad valorem* and other property taxes for the 2019 period shall be prorated as of the closing date.

16. REPRESENTATIONS AND WARRANTIES.

Sellers' Representation and Warranty. Sellers represent and warrant to Buyer that the execution and delivery of this Contract and all other agreements, certificates and documents contemplated hereby have been authorized and approved by Sellers in accordance with applicable law and Sellers' governing organizational documents. This Contract constitutes, and all other agreements, certificates and other documents to be executed and delivered by Sellers will constitute, the legal, valid and binding obligation of Sellers, enforceable against it in accordance with their terms. Neither the execution of this Contract nor the consummation of the transactions contemplated hereby will be a violation or breach by Sellers of any contracts, agreements, commitments or instruments to which it is a party or by which it or any of the Property is bound. Sellers have the authority to convey the Property to Buyer without the joinder of any other person or entity. Sellers represent and warrant that they have not created any adverse environmental conditions on the Property and further that Sellers are not aware of any adverse environmental conditions upon the Property. Sellers are the owners of all minerals, oil, gas and other hydrocarbon substances on and under such real property and all mineral rights, development rights, air rights and water rights relating to such real property, shall be transferred to Buyer at closing. The Sellers have good and marketable title in fee simple to the Property, free and clear of all encumbrances of any kind and all of the buildings, structures, material fixtures and other improvements situated on the Property and all other material items of personal property situated thereon are in good condition and in a reasonable state of repair, and maintenance of such items has not been deferred beyond a reasonable time period.

17. MISCELLANEOUS.

A. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors, heirs, administrator, and assigns. Either Buyer or Seller may assign all or any portion of their rights hereunder to a third party.

B. AMENDMENTS. This Agreement may be amended or modified only by a written instrument executed by the Seller and the Buyer.

C. GOVERNING LAW. This Agreement shall be governed by, construed and enforced in accordance with the laws of Kansas. The venue of any action shall be in Miami County, Kansas.

D. MERGER OF PRIOR AGREEMENTS. This Agreement, as may be amended, and the exhibits attached hereto constitute the entire Agreement between Buyer and Seller with respect to the purchase and sale of the Property and supersede all prior Agreements and understandings between the Parties hereto relating to the subject matter hereof.

E. CONSENT OR WAIVER. No consent or waiver, express or implied, by either Party to or of any breach or default by the other Party in the performance of this Agreement shall be constructed as a consent or waiver to or of any subsequent breach or default in the performance by such other Party of the same or any other obligations hereunder.

F. COUNTERPARTS. This Agreement may be executed in counterparts and all counterparts shall be considered part of one Agreement binding on all parties hereto.

G. CAPTIONS. Captions herein are for convenience of reference only and in no way define, limit, or expand the scope or intent of this Agreement.

H. SEVERABILITY. In the event that one or more of the provisions hereof shall be held to be illegal, invalid, or unenforceable, such provisions shall be deemed severable and the remaining provisions hereof shall continue in full force and effect.

I. FORCE MAJEURE. If any party is rendered unable, wholly or in part, by *force majeure* to carry out its obligations under this Agreement, other than the obligation to make money payments, that party shall give prompt written notice to the other party of the *force majeure* with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as it is affected by the *force majeure*, shall be suspended during, but no longer than, the continuance of the *force majeure*. The affected party may use all possible diligence to remove the *force majeure* as quickly as possible.

J. JOINT DRAFTING. The Parties shall be considered joint drafters of this Agreement so as not to construe this contract against one Party as drafter more than the other.

K. SURVIVAL OF TERMS. The terms of this Agreement shall survive Closing and shall not merge with the Assignment and Bill of Sale referenced herein.

L. EFFECTIVE DATE. This Agreement shall be effective as of April 19, 2019, regardless of the date on which it is actually executed by the parties.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date opposite the signatures below to be effective on the date last signed.

[signature page to follow]

R & D Oil, LLC

By: W.A. Roberson
Managing Member

SELLER

JTC OIL, INC.

By: Tom Cain
President

BUYER

EXHIBIT A

The following described Property:

Beginning at the Northwest corner of the Northwest Quarter of the Northwest Quarter of Section 8, Township 18 South, Range 21 East of the Sixth Principal Meridian; thence South 00 degrees 14 minutes 53 seconds East for a distance of 664.42 feet along the West line of said Quarter Section to the true point of beginning; thence South 89 degrees 28 minutes 06 seconds East for a distance of 1326.34 feet to a point on the East line of the Northwest Quarter of said Quarter Section; thence South 00 degrees 10 minutes 52 seconds East for a distance of 332.11 feet along said East line; thence North 89 degrees 28 minutes 21 seconds West for a distance of 1325.95 feet to a point on the West line of said Quarter Section; thence North 00 degrees 14 minutes 53 seconds West for a distance of 332.21 feet along said West line to the true point of beginning. Said property contains 10.11 acres, more or less, in Franklin County, Kansas.

Beginning at the Northwest corner of the Northwest Quarter of the Northwest Quarter of Section 8, Township 18 South, Range 21 East of the Sixth Principal Meridian; thence South 00 degrees 14 minutes 53 seconds East for a distance of 996.64 feet along the West line of said Quarter Section to the true point of beginning; thence South 89 degrees 28 minutes 21 seconds East for a distance of 1325.95 feet to a point on the East line of the Northwest Quarter of said Quarter Section; thence South 00 degrees 10 minutes 52 seconds East for a distance of 332.11 feet along said East line to the Southeast corner of the Northwest Quarter of said Quarter Section; thence North 89 degrees 28 minutes 37 seconds West for a distance of 1325.57 feet to the Southwest corner of the Northwest Quarter of said Quarter Section; thence North 00 degrees 14 minutes 53 seconds West for a distance of 332.21 feet to the true point of beginning. Said property contains 10.11 acres, more or less, in Franklin County, Kansas.