

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 _____

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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: _____

PURCHASE AND SALE AGREEMENT

AGREEMENT made and entered into the date set forth opposite the signatures of the parties below, by and between Ron Cunningham, d/b/a Cunningham Crude of 3343 CR 2200, Independence, KS 67301, hereafter referred to as SELLER, and Z&L Oil, LLC, a Kansas Limited Liability Company, of P.O. Box 318, Longton, KS 67352, hereinafter referred to as BUYER.

In consideration of the mutual promises and covenants hereafter contained, together with other good and valuable consideration, the sufficiency of which is hereby acknowledged, IT IS AGREED AS FOLLOWS:

ARTICLE I PURCHASE AND SALE

1.01 Sale of Assets. Subject to the terms and conditions hereof, SELLER does hereby agree to sell to the BUYER, and the BUYER agrees to purchase from the SELLER, all of the right, title and interest of the SELLER in the **ASSETS** described below, as of the Effective Time (hereafter defined):

a. The oil, gas and mineral lease listed and described on **Exhibit A** attached hereto and made a part hereof (the "**Lease**"), comprised of the working interests and net revenue interests reflected on **Exhibit A**, together with all producing wells, disposal wells and injection wells situated thereon (the "**Wells**"); all equipment presently on the Lease used in connection with the operation and production of oil, gas or other hydrocarbon substances therefrom (the "**Equipment**"), and all operating agreements, marketing contracts, surface leases, surface rights, easements, licenses, permits, rights of way, and similar rights and interests owned or exercised by Seller in connection with such Lease and Wells (the "**Contracts**");

b. All of SELLER'S right, title, and interest in and to all lease files, land files, well files, production records, regulatory files, division order files, abstracts, title opinions, and contract files, insofar as they are related to the Lease and Wells (the "**Records**");

c. All of SELLER'S right, title, and interest in and to all oil, gas, and other hydrocarbon substances produced from or attributable or allocable to the Lease and Wells on and after the Effective Time (the "**Hydrocarbons**").

ARTICLE II
PURCHASE PRICE

2.01 Purchase Price. As consideration for the sale of the Assets, subject to adjustments as provided for in Section 2.02 herein, BUYER shall pay or deliver, or cause to be paid or delivered, as applicable, to SELLER at Closing as the purchase price for the Assets ("Purchase Price"), the sum of \$10,000.00.

2.02 Purchase Price Adjustments. The Purchase Price shall be adjusted in the following manner:

(a) Appropriate adjustments shall be made to the Purchase Price so that (a) BUYER will bear all expenses which are incurred in respect of the Assets after the Effective Date and BUYER will receive all proceeds in respect of the Assets attributable to the period after the Effective Date and (b) SELLER will bear all expenses which are incurred in respect of the Assets before the Effective Date, and SELLER will receive all proceeds collectible in respect of the Assets attributable to the period prior to the Effective Date (regardless of whether such proceeds are received prior to or after the Effective Date). It is agreed that, in making such adjustments, all property and other taxes attributable to the Assets shall be apportioned on a calendar year basis as of the Effective Date based upon 2018 taxes assessed on the Assets.

2.03 Effective Date. The Effective Date of the sale of the Assets described in Article I shall be June 1, 2019.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

3.01 SELLER'S Representations and Warranties. SELLER represents and warrants as follows:

(a) Legal Status and Authority:

(1) SELLER is a sole proprietor doing business as Cunningham Crude. SELLER has the power and authority to own its property and the Assets and to carry on its business with respect to the Assets as now conducted and to enter into and to perform its obligations under the terms of this Agreement.

(2) SELLER shall warrant title to and defend all and singular the Assets to be conveyed to BUYER, its successors and assigns, against every person whomsoever lawfully claiming the Assets or any part thereof, by, through or under SELLER, but not otherwise.

(3) SELLER is not a party to, or in any way obligated under, nor does SELLER have any knowledge of, any contract or outstanding claim for the payment of any broker's or finder's fee which SELLER is obligated to pay in connection with the origin, negotiation, execution, or performance of this Agreement, for which BUYER could be held responsible.

(b) Information and Data Regarding Assets.

(1) All taxes imposed or assessed with respect to or measured by or charged against or attributable to the Assets have been, or will be, duly and timely paid by or on behalf of SELLER.

(2) SELLER has paid, or will pay, all bills, debts, expenses or charges relating to the Assets as of the Closing in the normal course of its business operations. Royalties and all other lease burdens have been properly and timely paid in accordance with the Leases or other applicable Contracts.

(3) All proceeds of production attributable to the Assets are currently being properly and timely paid directly to SELLER or its authorized agents without the furnishing of indemnity, other than the customary warranty contained in the division orders, transfer orders or gas sale contracts that have been furnished to BUYER, and no portion of such proceeds are being held in suspense.

(4) Status of Wells. As of the date of this Agreement, there are no wells located on the ASSETS that SELLER is currently obligated by law or contract to presently plug and abandon.

(5) Existing Surface Remediation. As of the date of this Agreement, there are two (2) areas, approximately 1/4 acre each in area, located upon the surface of the lands upon which the **ASSETS** are located, which have been impacted by the inadvertent escape of salt water. SELLER has undertaken to remediate the surface of such land, and such remediation efforts continue. Notwithstanding sale of the **ASSETS** to BUYER, SELLER agrees that he will remain responsible for completion of such remediation as is necessary to restore the surface of such lands to their previous

condition as nearly as possible. In the event later saltwater escapes occur after June 1, 2019, the BUYER will be responsible for remediation of any surface damages caused by such later escapes.

(c) DISCLAIMERS. SELLER HEREBY EXPRESSLY DISCLAIMS ANY WARRANTY, WHETHER EXPRESS OR IMPLIED, AND WHETHER BY COMMON LAW OR STATUTE OF THE MERCHANTABILITY, FITNESS FOR ANY PURPOSES OR CONDITION OF ANY OF THE WELLS, EQUIPMENT, FIXTURES OR PERSONAL PROPERTY COMPRISING THE ASSETS. ALL SUCH ASSETS SHALL BE CONVEYED BY SELLER AND ACCEPTED BY BUYER PRECISELY AND ONLY "AS IS, WHERE IS, AND WITH ALL FAULTS AND WITHOUT WARRANTY." SELLER DOES NOT WARRANT THE ASSETS TO BE FREE FROM LATENT OR APPARENT DEFECTS, AND BUYER SPECIFICALLY WAIVES ANY CLAIM FOR A REDUCTION OR ADJUSTMENT IN THE PURCHASE PRICE BASED UPON OR ON ACCOUNT OF CONDITION OR MERCHANTABILITY OF SUCH ASSETS. SELLER ALSO EXPRESSLY DISCLAIMS AND NEGATES ANY IMPLIED OR EXPRESS WARRANTY AT COMMON LAW, BY STATUTE OR OTHERWISE RELATING TO THE ACCURACY OF ANY OF THE INFORMATION FURNISHED WITH RESPECT TO THE EXISTENCE OR EXTENT OF RESERVES OR THE VALUE OF THE ASSETS BASED THEREON OR THE CONDITION OR STATE OF REPAIR OF ANY OF THE ASSETS, AND THIS DISCLAIMER AND DENIAL OF WARRANTY ALSO EXTENDS TO THE EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE PRICES BUYER AND SELLER ARE OR WILL BE ENTITLED TO RECEIVE FROM PRODUCTION OF OIL, GAS OR OTHER SUBSTANCES FROM THE PROPERTIES, IF ANY, IT BEING UNDERSTOOD THAT ALL RESERVE, PRICE AND VALUE ESTIMATES UPON WHICH BUYER HAS RELIED OR IS RELYING HAVE BEEN DERIVED BY THE INDIVIDUAL EVALUATION OF BUYER. BUYER ACKNOWLEDGES THAT THIS WAIVER HAS BEEN BROUGHT TO THE ATTENTION OF BUYER AND EXPLAINED IN DETAIL AND THAT BUYER HAS VOLUNTARILY AND KNOWINGLY CONSENTED TO THIS WAIVER OF WARRANTY OF FITNESS AND/OR WARRANTY AGAINST DEFECTS. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, ALL REPRESENTATIONS, WARRANTIES, COVENANTS, INDEMNITIES, AND ALLOCATIONS OF LIABILITIES AND RISK IN THIS AGREEMENT SHALL BE UNAFFECTED BY SUCH DISCLAIMERS AND WAIVERS AND BUYER IS ENTITLED TO RELY ON ALL REPRESENTATIONS AND WARRANTIES IN THIS AGREEMENT.

3.02 BUYER'S Representations and Warranties: BUYER represents and warrants, as follows:

(a) Legal Status and Authority:

(1) BUYER is a Kansas Limited Liability Company and has the power and authority to own its property and to carry on its business, as now conducted, and to enter into and to perform its obligations under the terms of this Agreement.

(2) BUYER is not a party to, or in any way obligated under, nor does Buyer have any knowledge of, any contract or outstanding claim for the payment of any broker's or finder's fee in connection with the origin, negotiation, execution or performance of this Agreement for which Seller could be held responsible.

(b) Condition of the Assets:

(1) BUYER is solely responsible for conducting its own due diligence and inspection of the Assets. BUYER will also have the full right and opportunity to ask questions of SELLER, its employees, agents, and representatives. BUYER assumes full responsibility for any conclusions or analyses relating to the ASSETS and BUYER'S decision to purchase same. BUYER accepts all Equipment in "as is, where is and with all faults" condition, with an express acceptance and understanding of the waivers and disclaimers contained herein.

(2) BUYER acknowledges that the ASSETS have been used for oil and gas drilling and producing operations, related oil field operation and possibly the storage and disposal of waste materials incidental to, or occurring in connection with, such operations and that physical changes in the land and/or water bottoms may have occurred as a result of such uses and that, with respect to the physical condition of the Assets, BUYER has entered into this Agreement on the basis of (A) the SELLER'S representations, warranties, and indemnities made herein and (B) BUYER'S own investigation and due diligence of the physical condition of the ASSETS, including environmental conditions, and without waiving any rights set forth herein, accepts the Assets inclusive of any adverse environmental condition presently existing, whether known or unknown, except as otherwise expressly provided herein.

(3) BUYER represents that it has had the opportunity to inspect the ASSETS, the public records and SELLER'S files for all purposes.

(4) BUYER is engaged in the business of exploring for or producing oil and gas or other valuable minerals as an ongoing business and is a sophisticated BUYER, knowledgeable in the evaluation and acquisition of oil and gas properties. Furthermore, BUYER has been informed that the solicitations of offers and the sale of the ASSETS by SELLER have not been registered with any securities commission, state or federal, and

BUYER hereby specifically agrees that neither BUYER nor its directors, shareholders, employees, representatives or agents shall initiate any proceeding based upon the assertion or claim that the sale contemplated hereunder is the sale of securities.

ARTICLE IV DUE DILIGENCE

4.01 Due Diligence. BUYER elects to rely on SELLER'S representation that title to the **Assets** is marketable and SELLER'S warranty of title to the **Assets**, and waives further due diligence concerning examination of title.

ARTICLE V CLOSING

5.01 Closing. Closing shall occur on or before May 31, 2019, at a time and place mutually agreed upon by the parties.

5.02 Closing Obligations. At the Closing, the following events ("**Closing Obligations**") shall occur, each being a condition precedent to the others and each being deemed to have occurred simultaneously with the others:

(a) SELLER shall execute, acknowledge and deliver to BUYER an assignment in form mutually acceptable to Buyer and Seller conveying all the Assets to BUYER.

(b) BUYER shall deliver or cause to be delivered to SELLER the Purchase Price described in Section 2.01.

(c) SELLER shall deliver to BUYER exclusive possession of the **Assets**.

(d) SELLER and BUYER shall execute, acknowledge and deliver transfer orders directing all purchasers of production to make payments in the future directly to BUYER of proceeds attributable to production from the **ASSETS** conveyed to BUYER.

(e) BUYER and SELLER shall execute and file such other documents as may be necessary to consummate the transactions contemplated hereby, including forms transferring operator responsibility of the **ASSETS** to BUYER.

ARTICLE VI
FAILURE TO CLOSE

6.01. Failure to Close. The parties agree that time is of the essence of this agreement. In the event BUYER fails to close in accordance with the terms of this agreement, SELLER may, at his election, cancel this agreement.

ARTICLE VII
MISCELLANEOUS


7.01 Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

7.02 Governing Law. This Agreement and the transactions contemplated hereby shall be construed in accordance with, and governed by, the laws of the State of Kansas.

7.03 Entire Agreement. This Agreement (including the Exhibits attached hereto) constitutes the entire understanding among the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and prior agreements and understandings relating to such subject matter.

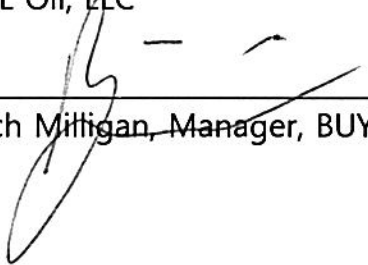
IN WITNESS WHEREOF, the parties have executed this agreement the date set forth opposite their signatures below.

DATE: 5-30-2019



Ron Cunningham, d/b/a
Cunningham Crude, SELLER

DATE: 5-30-19

Z&L Oil, LLC


Zach Milligan, Manager, BUYER

EXHIBIT "A"

Lessor: Helen Martin

Lessee: Larry T. Soles

Date: February 23, 1988

Description: The Northwest Quarter (NW/4) and the East Half of the Southwest Quarter (E/2 SW/4) of Section 17, Township 33 South, Range 11 East, Chautauqua County, State of Kansas, containing 240.00 acres, more or less.

Recorded: Book 61, Leases, Page 489

Working Interest: 100%

Net Revenue Interest: .87500