

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 \_\_\_\_\_



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 AND ASSUMPTION AND INDEMNITY  
AGREEMENT**

This Assignment and Bill of Sale and Assumption and Indemnity Agreement (this "Assignment") is among **Citation 2004 Investment LLC**, a Delaware limited liability company (formally known as Citation 2004 Investment Limited Partnership, a Texas limited partnership) ("Assignor"), whose collective address is 14077 Cutten Road, Houston, TX 77069-2212, and **K&N Petroleum, Inc.**, ("Assignee"), whose address is 1105 Walnut, Great Bend, Kansas 67530, and is made effective as of November 1, 2019 (the "Effective Time").

**RECITALS**

**WHEREAS**, Assignor has agreed to transfer, and Assignee has agreed to acquire (in the percentages set forth below), all of Assignor's rights and interests, together with all duties, obligations and liabilities, in respect of certain oil and gas properties and other assets hereinafter described; and

**WHEREAS**, as part of the consideration for the sale of such oil and gas properties to Assignee, Assignee has agreed to the assumption and indemnities set forth in this Assignment.

**NOW, THEREFORE** for and in consideration of the premises and other good and valuable consideration, Assignor and Assignee hereby agree as follows:

**ARTICLE I  
DEFINITIONS**

**Section 1.1 Definitions.** Capitalized terms used in this Assignment and not otherwise defined shall have the meanings given to such terms in Annex A attached hereto.

**Section 1.2 Interpretation.** When a reference is made in this Assignment to any Annex, Section or Exhibit, such reference will be to an Annex, Section or Exhibit to this Assignment unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Assignment, they will be deemed to be followed by the words "without limitation." Unless the context otherwise requires, (a) words in the singular include the plural and vice versa, (b) the words "herein," "hereof," "hereby," "hereunder" and words of similar nature refer to this Assignment as a whole and not to any particular subdivision unless expressly so limited, and (c) the use in this Assignment of a pronoun in reference to a party hereto or other person includes the masculine, feminine or neuter, as the context may require. The Annex, as well as all Exhibits hereto, will be deemed part of this Assignment and included in any reference to this Assignment.

**ARTICLE II  
ASSIGNMENT OF ASSETS**

**Section 2.1 Assignment.** Assignor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby bargains, assigns, conveys and transfers unto Assignee of all of Assignor's right, title and interest in and to the following,

Man SW  
Index SW  
Proofed SW BR  
Deeds to Clerk BR  
Numerical BR  
Cross BR  
Scanned SW  
DC Book \_\_\_\_\_  
Military Book \_\_\_\_\_  
Plat Book \_\_\_\_\_

excluding the Excluded Assets (subject to such exclusion, individually, an "Asset," and collectively, the "Assets"):

(a) the oil and gas leases described in **Exhibit A – Part 1** (excluding the Excluded Assets, collectively, the "Leases");

(b) all oil and gas wells (whether or not producing, non-producing, plugged and abandoned or otherwise) located on the lands covered by or attributable to the Leases (excluding the Excluded Assets, collectively and including the wells set forth on **Exhibit A – Part 2**, the "Wells" and the Leases and Wells being collectively referred to hereinafter as the "Properties");

(c) all production facilities, structures, tubular goods, well equipment, lease equipment, production equipment, pipelines, inventory, improvements and all other personal property, fixtures and facilities, including any pits or other waste collection or disposal facilities or other areas, to the extent (and only to the extent) primarily used in connection with the Properties (excluding the Excluded Assets, collectively, the "Facilities");

(d) to the extent assignable, all permits and licenses granted by any Governmental Authority in connection with the ownership or operation of the Properties or Facilities,

(e) all easements, rights-of-way, surface fee interests and other surface use agreements to the extent (and only to the extent) primarily used in connection with the ownership or operation of the Properties or the Facilities, including those described in **Exhibit A – Part 3** (excluding the Excluded Assets, collectively the "Surface Contracts");

(f) all oil, gas and other hydrocarbons ("Hydrocarbons") produced from or after the Effective Time and attributable to the Properties;

(g) all contracts and agreements, to the extent (and only to the extent) related to the properties, interests and other items described in any of the forgoing sub-sections of this Section 2.1 or sub-sections 2.1(h) or 2.1(i) below (including for the transportation, handling, storage, collection, treatment, decontamination, processing or disposal of tubulars, equipment or other items utilized in respect of the Properties and any waste material, fluid or other substance arising out of any activities in respect of the Properties), including the contracts and agreements described in **Exhibit A – Part 4** (excluding the Excluded Assets, collectively, the "Asset Contracts");

(h) all gas or pipeline imbalances relating to the Properties, if any; and

(i) all records, files, contracts, orders, maps, and data that directly and primarily relate to any of the properties, interests and other items described in any other sub-section of this Section 2.1, to the extent (and only to the extent) the foregoing is in the possession of Assignor or its Affiliates (excluding the Excluded Assets, collectively, the "Files").

**TO HAVE AND TO HOLD** the Assets unto Assignee, its successors and assigns, forever, subject, however, to all the terms and conditions of this Assignment.

**Section 2.2 Excluded and Reserved Assets.** The Assets shall not include, and Assignor hereby reserves and retains, the Excluded Assets.

**ARTICLE III  
DISCLAIMERS**

**Section 3.1 Disclaimers and Subrogation of Warranties and Representations.**

(a) WITH RESPECT TO THE ASSETS AND/OR THE TRANSACTIONS CONTEMPLATED HEREBY (i) THE PARTIES ACKNOWLEDGE AND AGREE THAT ASSIGNOR MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS, STATUTORY OR IMPLIED AND (ii) ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES (AND ASSIGNEE WAIVES ANY CLAIM FOR) ANY REPRESENTATION, WARRANTY, STATEMENT OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO ASSIGNEE OR ANY OF ITS AFFILIATES, EMPLOYEES, AGENTS, CONSULTANTS OR REPRESENTATIVES (INCLUDING, WITHOUT LIMITATION, ANY OPINION, INFORMATION, PROJECTION OR ADVICE THAT MAY HAVE BEEN PROVIDED TO ASSIGNEE BY ANY OFFICER, EMPLOYEE, AGENT, CONSULTANT, REPRESENTATIVE OR ADVISOR OF ASSIGNOR OR ANY OF ITS AFFILIATES OR ANY OTHER PERSON).

(b) WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES (AND ASSIGNEE WAIVES ANY CLAIM FOR) ANY REPRESENTATION OR WARRANTY, EXPRESS, STATUTORY OR IMPLIED, AS TO (i) TITLE TO ANY OF THE ASSETS, (ii) THE CONTENTS, CHARACTER OR NATURE OF ANY REPORT OF ANY PETROLEUM ENGINEERING CONSULTANT OR ANY ENGINEERING, GEOLOGICAL OR SEISMIC DATA OR INTERPRETATION RELATING TO THE ASSETS, (iii) THE QUANTITY, QUALITY OR RECOVERABILITY OF HYDROCARBONS IN OR FROM THE ASSETS, (iv) ANY ESTIMATES OF THE VALUE OF THE ASSETS OR FUTURE REVENUES GENERATED BY THE ASSETS, (v) THE PRODUCTION OF HYDROCARBONS FROM THE ASSETS, (vi) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN OR MARKETABILITY OF THE ASSETS, (vii) THE CONTENT, CHARACTER OR NATURE OF ANY INFORMATION MEMORANDUM, REPORTS, BROCHURES, CHARTS OR STATEMENTS PREPARED BY ASSIGNOR OR THIRD PARTIES WITH RESPECT TO THE ASSETS, (viii) ANY OTHER MATERIALS OR INFORMATION THAT MAY HAVE BEEN MADE AVAILABLE TO ASSIGNEE, ITS AFFILIATES OR THEIR EMPLOYEES, AGENTS, CONSULTANTS, REPRESENTATIVES OR ADVISORS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS ASSIGNMENT OR ANY DISCUSSION OR PRESENTATION RELATING THERETO AND (ix) ANY IMPLIED OR EXPRESS WARRANTY OF FREEDOM FROM PATENT OR TRADEMARK INFRINGEMENT.

(c) ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES (AND ASSIGNEE WAIVES ANY CLAIM FOR) (i) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (ii) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (iii) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (iv) ANY RIGHTS OF PURCHASERS UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, (v) ANY CLAIMS BY ASSIGNEE FOR DAMAGES BECAUSE OF REDHIBITORY VICES OR DEFECTS, WHETHER KNOWN OR UNKNOWN AS OF THE

EFFECTIVE TIME OR THE DATE HEREOF AND (vi) ANY AND ALL IMPLIED WARRANTIES EXISTING UNDER APPLICABLE LAW; IT BEING THE EXPRESS INTENTION OF BOTH ASSIGNEE AND ASSIGNOR THAT THE ASSETS SHALL BE CONVEYED TO ASSIGNEE IN THEIR PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS" AND WITH ALL FAULTS, AND THAT ASSIGNEE HAS MADE OR SHALL MAKE PRIOR TO THE DATE HEREOF SUCH INSPECTIONS AS ASSIGNEE DEEMS APPROPRIATE.

(d) ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES (AND ASSIGNEE WAIVE ANY CLAIM FOR) ANY REPRESENTATION OR WARRANTY REGARDING ANY MATTER OR CIRCUMSTANCE RELATING TO ENVIRONMENTAL LAWS, THE RELEASE OF MATERIALS INTO THE ENVIRONMENT, THE PROTECTION OF HUMAN HEALTH, SAFETY, NATURAL RESOURCES OR THE ENVIRONMENT OR ANY OTHER ENVIRONMENTAL CONDITION OF THE ASSETS, AND NOTHING IN THIS ASSIGNMENT OR OTHERWISE SHALL BE CONSTRUED AS SUCH A REPRESENTATION OR WARRANTY. ASSIGNEE SHALL BE DEEMED (i) TO BE TAKING THE ASSETS "AS IS" AND "WHERE IS," AND WITH ALL FAULTS, FOR PURPOSES OF THEIR ENVIRONMENTAL CONDITION AND (ii) TO HAVE MADE OR CAUSED TO BE MADE SUCH ENVIRONMENTAL INSPECTIONS AS ASSIGNEE DEEMS APPROPRIATE.

(e) ASSIGNOR AND ASSIGNEE AGREE THAT THE DISCLAIMERS OF CERTAIN REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS SECTION 3.1 ARE "CONSPICUOUS" DISCLAIMERS FOR THE PURPOSES OF ANY APPLICABLE LAW, RULE OR ORDER.

**Section 3.2 Subrogation.** Assignor hereby transfers and assigns unto Assignee, its successors and assigns, all of its right, title and interest under and by virtue of all warranties pertaining to the Assets, express or implied (including, without limitation, title warranties and manufacturers', suppliers' and contractors' warranties), that have heretofore been made by any of Assignor's predecessors in title (excluding Assignor and any Affiliate of Assignor) or by any Third Party manufacturers, suppliers and contractors. This Assignment is made with full substitution and subrogation in and to all of the warranties that Assignor has or may have against predecessors in title (other than any Affiliate of Assignor) and with full subrogation of all rights accruing under the applicable statutes of limitations and all rights and actions of warranty against all former owners of the Assets (other than any Affiliate of Assignor).

#### ARTICLE IV ASSUMPTION AND INDEMNIFICATION

**Section 4.1 Assumption.** Subject to the last sentence of this Section 4.1, Assignee hereby assumes and agrees to promptly pay, perform and discharge all Liabilities attributable or in any way related to the Assets, regardless (in each case) of whether such Liabilities arose prior to, on or after the Effective Time (whether actual or alleged, known or unknown and whether arising by Law, contract, in equity or otherwise), including:

- (a) (whether arising by Law or by contract) all Liabilities relating to the obligation to properly plug and abandon all Wells and dismantle, decommission or remove all personal property, fixtures and related equipment now located on the land covered by or attributable to the Properties or other Assets or hereafter placed thereon, and all Liabilities relating to obligations to cleanup and restore such lands, and all obligations in respect of the transportation, handling, storage, collection, treatment, decontamination, processing or disposal of tubulars, equipment or other items utilized in respect of the Properties and any waste material, fluid or other substance arising out of any activities in respect of the Properties;
- (b) subject to section 5.2, all Liabilities for Taxes, including ad valorem Taxes, attributable to the Assets or any Hydrocarbons produced therefrom or processed in association therewith;
- (c) all Liabilities attributable to the Assets arising from, attributable to or alleged to be arising from or attributable to, a violation of or the failure to perform any obligation imposed by any Environmental Law;
- (d) all Liabilities relating to the obligation to settle any gas or pipeline imbalances with respect to the Assets;
- (e) all Liabilities for the payment of revenues attributable to co-working interests and royalties, overriding royalties and other burdens on production (in each case) related to the Assets, including the proper distribution, accounting and reporting of suspended funds; and
- (f) all Liabilities under each Lease, Surface Contract and/or Asset Contract.
- (g) all Liabilities attributable to or in any way related to or arising out of (i) the ownership, operation, or use of the Dannebohm #1 SWD well (API 15-009-14198), (ii) the ownership, operation or use of that certain salt water disposal system known as the "Kowalsky Waste Water Disposal System" created pursuant to those certain Articles of Agreement dated June 1, 1956 executed by Petroleum, Inc., Stanolind Oil and Gas Company, and Birmingham-Bartlett Drilling Co., as the same may have been amended, supplemented or modified from time to time, and/or (iii) all contracts relating to the items listed in clauses (i) and (ii) above, including that certain Saltwater Disposal Contract dated March 21, 1958, as the same may have been amended, supplemented or modified from time to time.

All such assumed Liabilities described above in this Section 4.1 being hereinafter collectively referred to as the "Assumed Obligations."

**Section 4.2 Indemnification.** Effective as of the date hereof, Assignee hereby defends, indemnifies and holds harmless Assignor and its Affiliates and their respective members, partners, directors, officers, employees, agents and representatives from and against any and all Liabilities caused by, arising from or attributable to the Assumed Obligations. The indemnities contained in this Section 4.2 shall survive without time limit.



**Section 4.3 Negligence and Fault.** THE DEFENSE, INDEMNIFICATION AND HOLD HARMLESS OBLIGATIONS SET FORTH IN THIS ASSIGNMENT SHALL ENTITLE THE INDEMNITEES WITH RESPECT THERETO TO SUCH DEFENSE, INDEMNIFICATION AND HOLD HARMLESS HEREUNDER IN ACCORDANCE WITH THE TERMS HEREOF, REGARDLESS OF WHETHER THE CLAIM GIVING RISE TO SUCH OBLIGATION IS THE RESULT OF: (a) STRICT LIABILITY, (b) THE VIOLATION OF ANY LAW OR DUTY BY ANY INDEMNITEE OR BY A PRE-EXISTING CONDITION OR (c) THE SOLE, CONCURRENT OR COMPARATIVE NEGLIGENCE OF ANY INDEMNITEE.

## ARTICLE V CERTAIN COVENANTS

### **Section 5.1 Revenues and Expenses.**

(a) Assignor shall be entitled to all of the rights of ownership attributable to the Assets including the right to all production, proceeds of production and other proceeds attributable to the period of time prior to the Effective Time, including the right to receive all proceeds attributable to the value of all Hydrocarbons in the stock tanks above the pipeline connection as of the Effective Time. Assignor shall remain responsible for all Property Expenses attributable to the period of time prior to the Effective Time. Assignee shall be entitled to all of the rights of ownership attributable to the Assets, including the right to all production, proceeds of production and other proceeds from and after the Effective Time. Assignee shall be responsible for all Property Expenses from and after the Effective Time. All Property Expenses that are: (i) incurred with respect to operations conducted or production prior to the Effective Time shall be paid by or allocated to Assignor; and (ii) incurred with respect to operations conducted or production from and after the Effective Time shall be paid by or allocated to Assignee

(b) If any party receives monies belonging to another party pursuant to Section 5.1(a), including proceeds of production, then such amount shall, within five business days after the end of the month in which such amounts were received, be paid by the receiving party to the proper party. If any party that pays monies for Property Expenses which are the obligation of another party pursuant to Section 5.1(a) such paying party shall be reimbursed by the party responsible for such obligation pursuant to Section 5.1(a) no later than within five business days after the end of the month in which the applicable invoice and proof of payment of such invoice were received by such responsible party. If any party receives an invoice of an expense or obligation which is owed by another party, such party receiving the invoice shall promptly forward such invoice to the party who is obligated to pay the invoice pursuant to Section 5.1(a). If an invoice or other evidence of an obligation is received by a party, which is partially an obligation of both Assignor and Assignee, then the parties shall consult with each other, and each shall promptly pay its portion of such obligation. After the Effective Time, each party shall be entitled to participate in all joint interest audits and other audits of Property Expenses for which such party is entirely or in part responsible under the terms of this Section 5.1.

(c) Within one hundred twenty (120) days after the Effective Date, Assignor shall prepare a final settlement statement setting forth the amounts owed by Assignor to Assignee and by Assignee to Assignor in accordance with this Assignment, and showing the calculation of the net amount due, taking into account the amounts agreed to by the parties in the preliminary

settlement statement on the date hereof. Within five (5) business days after such date of delivery of such final settlement statement, Assignee shall pay to Assignor, or Assignor shall pay to Assignee, in immediately available funds, the net amount due.

(d) Assignor's obligations set forth in this Section 5.1 shall survive until the 18 month anniversary date of the Effective Time and thereafter shall be of no further force or effect except with respect to any bona fide claim brought by Assignee for any breach by Assignor of this Section 5.1 prior to such expiration date

**Section 5.2 Allocation of Taxes.** Assignor shall assume responsibility for, and shall bear and pay, all Asset Taxes assessed with respect to the ownership and operation of the Assets for any period ending prior to the Effective Time. All Asset Taxes with respect to the ownership or operation of the Assets arising on or after the Effective Time shall be allocated to and borne by Assignee. Subject to the foregoing, Assignor shall assume responsibility for, and shall bear and pay, the ad valorem Taxes for the calendar year of 2019. Assignor shall pay to the applicable Governmental Authorities, the severance Taxes for the Hydrocarbons produced from and attributable to the Assets prior to the Effective Time.

**Section 5.3 Prohibition Against Certain Actions.** Assignee agrees not to take any action or fail to take any action that would cause any Third Party to pursue any claim against Assignor with respect to any of the Assets or the Assumed Obligations.

## ARTICLE VI MISCELLANEOUS

**Section 6.1 Governing Law.** THIS ASSIGNMENT AND THE LEGAL RELATIONS AMONG THE PARTIES SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS, EXCLUDING ANY CONFLICTS OF LAW RULE OR PRINCIPLE THAT MIGHT REFER CONSTRUCTION OF SUCH PROVISIONS TO THE LAWS OF ANOTHER JURISDICTION. EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS ASSIGNMENT.

**Section 6.2 Successors and Assigns.** This Assignment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that Assignee any assignment by Assignee (or any successor or assign of such Person) of any of Assignee's rights and obligations under this Assignment shall not relieve Assignee (or such successor or assign) from any of Assignee's Liabilities hereunder, whether such Liabilities arising prior to or after the dates of such assignment. For the avoidance of doubt, Assignor may assign all or any party its rights under this Assignment without restraint. The covenants of Assignee contained in this Assignment shall run with the lands covered hereby.

**Section 6.3 Notices.** All notices and communications to be made or required or permitted under this Assignment shall be in writing and shall be given or made by delivery in person, by electronic mail (provided that the acknowledgment of the receipt of such e-mail is

requested and received, excluding automatic responses, with the receiving Person affirmatively obligated to promptly acknowledge receipt when received), or sent by overnight courier (providing proof of delivery) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 6.3):

If to Assignor:

**Citation 2004 Investment LLC**  
14077 Cutten Rd.  
Houston, TX 77069  
Attn: Mat Thompson  
Telephone: 281-891-1080

If to Assignee:

K&N Petroleum, Inc.  
1105 Walnut  
GreatBend, KS 67530  
Attn: Edward S Nemnich  
Telephone: 620-793-6005

Any notice given in accordance with this Section 6.3 shall be deemed to have been given only when delivered to the addressee in person, or by courier, during normal business hours on a business day (or if delivered or transmitted after normal business hours on a business day or on a day other than a business Day, then on the next business day), or upon actual receipt by the addressee during normal business hours on a business day after such notice has either been delivered to an overnight courier or deposited in the United States Mail or sent by e-mail transmission (provided that delivery of such e-mail is confirmed by written confirmation), as the case may be (or if delivered after normal business hours on a business day or on a day other than a business day, then on the next business day). A party may, by notice to the other party, change the address to which such notices are to be given.

**Section 6.4 Files.** Assignee agrees to retain originals of the Files for a period not less than seven years from the Effective Time, and Assignee agrees to allow Assignor access to such Files for review and copying during normal business hours upon reasonable notice at any time during such retention period.

**Section 6.5 Further Assurances.** From time to time after the Effective Time, Assignor and Assignee shall each execute, acknowledge and deliver to the other such further instruments and take such other action as may be reasonably requested in order to accomplish more effectively the purposes of the transactions contemplated by this Assignment, including assurances that Assignee is financially capable of performing any indemnification required hereunder. Assignee shall be responsible for recording and filing documents associated with the transfer of the Assets to it and for all costs, taxes, and fees associated therewith, including filing the assignments with appropriate federal, state and local Governmental Authorities as required by applicable Law. Assignee shall also be responsible for the payment of any and all stamp, documentary, real

property transfer, sales, gross receipts, use or similar taxes or assessments resulting from its acquisition of the Assets contemplated by this Assignment. As soon as practicable after recording or filing, Assignee shall furnish Assignor with all recording data and evidence of all required filings, including those in the applicable parishes. Assignee shall also be responsible for obtaining all costs, including customary post-closing consents, applicable to the transaction contemplated hereunder and all costs and fees associated therewith.

**Section 6.6 Counterparts.** This Assignment may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one instrument.

EXECUTED as of the date of the parties' acknowledgements below, but delivered and effective as of the Effective Time.


**ASSIGNOR:**

**CITATION 2004 INVESTMENT LLC**

By: Citation Oil & Gas Investments LLC, its sole member

By: Citation Oil & Gas Corp., its managing member

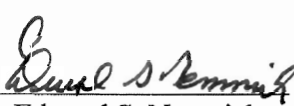
By:

  
\_\_\_\_\_  
Mathew Thompson  
Vice President

**ASSIGNEE:**

**K&N PETROLEUM, INC.**

By:

  
\_\_\_\_\_  
Edward S. Nemnich  
President

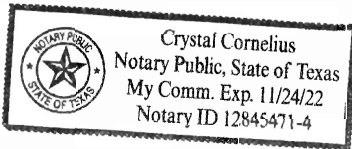
[Signature Page]

STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS       §

The foregoing instrument was acknowledged before me on this 7<sup>th</sup> day of November, 2019, by Mathew Thompson, as Vice President of Citation Oil & Gas Corp., a Delaware corporation, on behalf of said corporation as the managing member of Citation Oil & Gas Investments, LLC, a Delaware limited liability company and sole member of Citation 2004 Investment LLC, a Delaware limited liability company.

*Crystal Cornelius*

Notary Public in and for  
the State of Texas



STATE OF KANSAS       §  
  §  
COUNTY OF BARTON   §

The foregoing instrument was acknowledged before me on this 14<sup>th</sup> day of November 2019, by Edward Nemnich, President of K&N Petroleum, Inc., a KANSAS corporation, on behalf of said corporation.

*Timothy R. Keenan*

Notary Public in and for  
the State of Kansas



[Acknowledgement Page]

## Annex A – Defined Terms

Defined Terms. The following terms shall have the meanings set forth below:

“**Affiliate**” shall mean any Person that, directly or indirectly, through one or more entities, controls, is controlled by or is under common control with the Person specified. For the purpose of the immediately preceding sentence, the term “control” and its syntactical variants mean the power to direct or cause the direction of the management of such Person, whether through the ownership of voting securities, by contract, agency or otherwise.

“**Asset Contracts**” has the meaning given such term in Section 2.1(g).

“**Asset Taxes**” shall mean ad valorem, property, excise, sales, use, severance, production or similar Taxes (including any interest, fine, penalty or additions to Tax imposed by a Governmental Authority in connection with such Taxes) based upon operation or ownership of the Assets or the production of Hydrocarbons therefrom. Notwithstanding the foregoing, Asset Taxes shall not include: (a) income, capital gains, franchise Taxes and similar Taxes; and (b) transfer Taxes.

“**Assets**” has the meaning given such term in Section 2.1.

“**Assignee**” has the meaning given such term in the introductory paragraph of this Assignment.

“**Assignment**” has the meaning given such term in the introductory paragraph of this Assignment.

“**Assignor**” has the meaning given such term in the introductory paragraph of this Assignment.

“**Assumed Obligations**” has the meaning given such term in Section 4.1 of this Assignment.

“**Effective Time**” has the meaning given such term in the introductory paragraph of this Assignment.

“**Environmental Laws**” shall mean applicable federal and state statutes and regulations and applicable local statutes, regulations and/or ordinances (in each case, as the same have been amended) to protect human health and the environment, including the Clean Air Act, the Clean Water Act, the Comprehensive Environmental, Response, Compensation, and Liability Act of 1980, the Superfund Amendments and Reauthorization Act of 1986, the Occupational Safety and Health Act of 1970, the Resource Conservation and Recovery Act of 1976, the Safe Drinking Water Act, the Toxic Substances Control Act and the Oil Pollution Act of 1990. The term “**Environmental Laws**” shall also include all amendments to any of the foregoing.

“**Excluded Assets**” shall mean (a) all of Assignor’s corporate minute books, financial and income Tax records and other business records that relate to Assignor’s business generally (including the ownership and operation of the Assets); (b) all (i) trade credits, accounts receivables, note receivables, take-or-pay receivables and all other receivables, proceeds, income or revenues attributable to the Assets with respect to any period of time prior to the Effective Time and (ii) liens and security interest of Assignor or its Affiliates, whether choate or inchoate, under any Law or contract to the extent (and only to the extent) arising from or relating to the ownership, operation or sale or other disposition of any Asset prior

to the Effective Time and securing obligations for which Assignor or its Affiliates remains owed payment from a Third Party; (c) all rights, claims and causes of action (including warranty and similar claims, indemnity claims and defenses) of Assignor or any of its Affiliates to the extent such rights, claims, and causes of action relate to any of the Assets and are attributable to periods of time prior to the Effective Time (including claims for adjustments or refunds); (d) all rights and interests relating to the Assets (i) under any existing policy or agreement of insurance, (ii) under any bond or (iii) to any insurance or condemnation proceeds or awards arising, in each case, from acts, omissions or events, or damage to or destruction of property prior to the Effective Time; (e) all Hydrocarbons produced and sold from the Assets with respect to all periods prior to the Effective Time; (f) all claims of Assignor or its Affiliates for refunds of or loss carry forwards with respect to (i) any Taxes attributable to the Assets, in each case, paid by Assignor or its Affiliates attributable to any period prior to the Effective Time, or (ii) any Taxes attributable to the Excluded Assets; (g) all personal computers, related network equipment and associated peripherals; (h) all of Assignor's proprietary computer software, patents, trade secrets, copyrights, names, trademarks, logos and other intellectual property; (i) all legal files and all documents and instruments of Assignor that may be protected by an attorney-client privilege (other than title related materials such as title opinions); (j) all data that cannot be disclosed to Assignees as a result of confidentiality arrangements under agreements with Third Parties; (k) all audit rights arising under any of the (i) Asset Contracts or otherwise with respect to any period prior to the Effective Time except with respect to the imbalances covered by sub-section 2.1(h) of the definition of "Assets" or (ii) with respect to the other Excluded Assets; (l) all non-proprietary seismic data of Assignor or its Affiliates relating to the Assets; (m) documents prepared or received by Assignor or its Affiliates or their representatives with respect to (i) lists of prospective purchasers for the Assets, (ii) bids submitted by other prospective purchasers of the Assets, (iii) analyses by Assignor or its Affiliates of any bids submitted by any prospective purchaser, (iv) correspondence between or among Assignor, its representatives, and/or any prospective purchaser other than Assignee, and (v) correspondence between Assignor and/or any of its respective representatives with respect to any of the bids, the prospective purchasers or the transactions contemplated by this Assignment; (n) any offices, office leases and any office furniture, office supplies or other property (other than the Files) located in or on such offices excluded and/or office leases; (o) any master service agreements, blanket agreements or similar agreements; (p) all email correspondence; (q) the assets set forth on **Exhibit B**; and (r) copies of all Files.

"**Facilities**" has the meaning given such term in Section 2.1(c).

"**Files**" has the meaning given such term in Section 2.1(i).

"**Governmental Authority**" shall mean any federal, state, local or foreign government or any court of competent jurisdiction, regulatory or administrative agency, commission or other governmental authority.

"**Hydrocarbons**" has the meaning given such term in Section 2.1(f) of this Assignment.

"**Law**" shall mean any applicable statute, law, rule, regulation, ordinance, order, code, ruling, writ, injunction, decree or other official act of or by any Governmental Authority.

"**Leases**" has the meaning given such term in Section 2.1(a).

**“Liabilities”** shall mean any and all obligations, duties, claims, causes of actions, payments, charges, judgments, assessments, liabilities, losses, damages, penalties, fines, costs and expenses, including any attorneys’ fees, legal or other expenses incurred in connection therewith and including liabilities, costs, losses and damages for personal injury, illness or death or damage to or loss of (including loss of use of) property or any natural resources.

**“Person”** shall mean an individual, corporation, partnership, association, trust, limited liability company or any other entity or organization, including government or political subdivisions or an agency, unit or instrumentality thereof.

**“Properties”** has the meaning given such term in Section 2.1(b).

**“Property Expenses”** shall mean all operating and capital expenses incurred in the ordinary course of business and attributable to the ownership or operation of the Assets; provided that Property Expenses shall not include Liabilities attributable to: (a) personal injury or death, property damage or violation of any Law; (b) obligations to plug wells and dismantle or decommission facilities; (c) the remediation of, or any other Liability with respect to, any environmental condition under applicable Environmental Laws; (d) obligations with respect to any gas or pipeline imbalances; or (e) obligations to pay working interests, royalties, overriding royalties or other interest owners’ revenues or proceeds attributable to sales of Hydrocarbons relating to the Assets, including those held in suspense.

**“Surface Contracts”** has the meaning given such term in Section 2.1(e).

**“Taxes”** shall mean any taxes, assessments and other governmental charges imposed by any Governmental Authority, including net income, gross income, profits, gross receipts, alternative or add-on minimum, ad valorem, property, transfer, real property transfer, value added, sales, use, environmental, excise, withholding, social security, unemployment, disability, payroll, fuel, excess profits, windfall profit, severance, estimated or other tax, including any interest, penalty or addition thereto.

**“Third Party”** shall mean any Person other than any Assignor or any Assignee or an Affiliate of any of Assignor or any of Assignee.

**“Wells”** has the meaning given such term in Section 2.1(b).



EXHIBIT A - Part 1  
LEASES

Attached to and made a part of that certain Assignment and Bill of Sale and Assumption and Indemnity Agreement between Citation 2004 Investment LLC, as Assignor, and K & N Petroleum, Inc., as Assignee, effective as of November 1, 2019

Citation Lease Number	State	County	Lessor	Lessee	Legal Description	Agreement Type	Lease Date	Book	Page
LKS000152/000	KS	BARTON	FRANK MUSENBERG, A SINGLE MAN AKA BROTHER COSMOS, ALEXIAN BROTHER HOSPITAL	E L BIRMINGHAM JR, W N BARTLETT AND RICHARD HINDERY AS PARTNERS DBA BIRMINGHAM BARTLETT DRILLING CO.	T20S R12W: SE/4 OF SECTION 36	Oil And Gas Lease	02/01/1954	170	336
LKS000153/000	KS	BARTON	EDWARD G BATCHMAN & AUGUSTA BATCHMAN HIS WIFE	H A CRUM	T20S R12W: N/2SW/4SE/4 and NW/4SE/4 OF SECTION 35	Oil And Gas Lease	09/24/1947	118	413

EXHIBIT A - Part 2  
WELLS

Attached to and made a part of that certain Assignment and Bill of Sale and Assumption and Indemnity Agreement between Citation 2004 Investment LLC, as Assignor, and K & N Petroleum, Inc., as Assignee, effective as of November 1, 2019

State	County	Well Name	API	Location	SEC	TWN	RNG
KS	BARTON	BATCHMAN A 3	1500915654	C5WNWSE	35	20S	12W
KS	BARTON	BATCHMAN A 8	1500915659	CN2NWSE	35	20S	12W
KS	BARTON	ALEXIAN A 3	1500915667	CS2NESE	36	20S	12W

EXHIBIT A - Part 3  
SURFACE CONTRACTS

Attached to and made a part of that certain Assignment and Bill of Sale and Assumption and Indemnity Agreement between Citation 2004 Investment LLC, as Assignor, and K & N Petroleum, Inc., as Assignee, effective as of November 1, 2019

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EXHIBIT A - Part 4  
ASSET CONTRACTS

Attached to and made a part of that certain Assignment and Bill of Sale and Assumption and Indemnity Agreement between Citation 2004 Investment LLC, as Assignor, and K & N Petroleum, Inc., as Assignee, effective as of November 1, 2019

Citation Contract Number	State	County	Lessor	Lessee	Legal Description	Agreement Type	Lease Date	Book	Page
CKS000166/000	KS	BARTON	PAN AMERICAN PETROLEUM CORPORATION, BIRMINGHAM-BARTLETT DRILLING COMPANY & PETROLEUM INC	BIRMINGHAM- BARTLETT DRILLING CO.	T20S R12W: NE/4SW/4SW/4 OF SECTION 36	Salt Water Disposal Contract (Kowalsky Salt Water Disposal System)	03/21/1958	-	-
CKS000167/000	KS	BARTON	PETROLEUM INC, STANOLIND OIL & GAS COMPANY & BIRMINGHAM - BARTLETT DRILLING CO	-	T20S R12W: NE/4SW/4SW/4 OF SECTION 36	Articles of Agreement - Kowalsky Waste Water Disposal System	06/01/1956	-	-
CKS000172/000	KS	BARTON	NOBLE ENERGY INC	GILBERT-STEWART OPERATING LLC	T20S R12W: NW/4SE/4, N/2SW/4SE/4 OF SECTION 35	FARMOUT AGREEMENT	11/13/2007	-	-
CKS000179/000	KS	BARTON	PHILLIPS PETROLEUM COMPANY	WILLIAM M BRODRICK, JACK H HEATHMAN, H D SHREVE	T20S R12W: SE/4 OF SECTION 35	JOA	03/31/1975	-	-

EXHIBIT B  
Excluded Assets

Attached to and made a part of that certain Assignment and Bill of Sale and Assumption and Indemnity Agreement between Citation 2004 Investment LLC, as Assignor, and K & N Petroleum, Inc., as Assignee, effective as of November 1, 2019

State County Well Name

Description

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